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FROM

Clarence A. Bunker

"TRUSTS"

The Recent Combinations in Trade

Their character, legality, and mode of organization, and the rights, duties and liabilities of their managers and certificate-holders.

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[illegible]

BY

WILLIAM W. COOK,

[illegible]

NEW YORK:

L. K. STROUSE & CO., Law Publishers,

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"TRUSTS."

THE RECENT COMBINATIONS IN TRADE,

THEIR CHARACTER, LEGALITY AND MODE OF ORGANIZATION, AND THE RIGHTS, DUTIES AND LIABILITIES OF THEIR MANAGERS AND CERTIFICATE-HOLDERS.

SECOND EDITION—WITH SUPPLEMENT

BY

WILLIAM W. COOK,

Of the New York Bar,

AUTHOR OF "A TREATISE ON THE LAW OF STOCK AND STOCKHOLDERS."

NEW YORK:

L. K. STROUSE & CO., LAW PUBLISHERS,

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By WILLIAM W. COOK.

PREFACE.

THIS fragment of the great law of corporations is written to throw light upon a dark subject. During the past twelve months certain mysterious combinations of manufacturers in this country, called "Trusts," have sprung into prominence. They have increased rapidly, and have excited the alarm of thinking men. Their movements and plan of organization are secret, and are known to but few. All men are interested in the subject. It is for the information of the public as well as of the legal profession that this work has been undertaken.

WILLIAM W. COOK.

115 BROADWAY, NEW YORK,
February 23d, 1888.

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"TRUSTS."

CAUSES OF "TRUSTS."

GEORGE STEPHENSON, the famous inventor of the railway engine, once said that, "where combination is possible, competition is impossible." The truth of this terse statement of an economic principle has been demonstrated by the railway history of the past twenty years. A few great and powerful systems have absorbed the small and weak lines. It has been done by leases, sales, consolidations, mergers, and amalgamations brought on by railway wars, railway "wrecking," and railway bankruptcies, foreclosures, receiverships, and reorganizations. The country is being parcelled out among a few great trunk lines, which ultimately will reach from ocean to ocean. Each system will have exclusive possession and control of the traffic in its district, and each will respect the territory of the other. Such has been the result in England, where out of two hundred and sixty-two companies only eleven remain. Such has been the result in France, where six railway companies have absorbed all others, and

have partitioned off the country among themselves. And such will be the result in America.

But is this to be the future of manufactories and of manufactured products? Can there be a permanent combination in trade, and is competition to disappear? Will the people acquiesce, or will they put down the combinations? Will the courts uphold the "Trusts," or declare them to be illegal and void? These are the questions which are agitating the public mind, and these are the questions which constitute the subject of this work.

During the past fifteen years there has been a rapid growth of manufactories. This growth has extended into all branches of manufacturing business. It has created competition, caused an overproduction, and reduced prices frequently below the cost of the article produced. Several years ago it became evident to manufacturers that they must pursue one of two courses. They had to continue the war of prices until the weaker concerns went to the wall, and a few large establishments arose on their ruins, or they had to combine, limit production, and control prices. The latter plan was adopted.

Another cause was at work. A great monopoly in oil had arisen and prospered. It had amassed millions of money. It had practically crushed out all competition. It had succeeded beyond the dreams even of those who originated it. It had worked out a plan and policy of organization. It was "a success," and the mode of combination

which first succeeded in the Standard Oil Trust, and in its offspring, the American Cotton Oil Trust, set an example for manufacturers, which they were not slow to follow.

There had been various attempts of the manufacturers to combine. The first plan was by contracts, whereby all the parties were to sell at a fixed price or through a common agent. Five years ago these contracts existed in many branches of business. They corresponded, in principle and purpose, to the railroad "pools," but, like them, they were a failure. The courts would not sustain or enforce them, and the members would not live up to them. They were short-lived. The parties would not act in good faith. Secret breaches were made, or the whole agreement was openly repudiated. They fell to pieces. Self-interest was the only cohesive bond, and self-interest sooner or later induced one or more to abandon and compete with the combination "pool."

It became evident that a stronger method of effecting a combination must be found. It must be a method which would bind fast all who once entered into it. It must take the management and ownership of the business out of the hands of the various discordant elements which constituted the combination. It must be based, not on a moral obligation or mere agreement, but on an absolute right of property, possession, and ownership, vested in the combination itself. The old method of com-

bination had failed because it required the continuous assent of its numerous members. The new combination could succeed only by depriving the parties of the power to withdraw their assent. A scheme that would fulfil these requisites was not easy to discover, but it was found. It exists in the modern "Trust."

DEFINITION OF A "TRUST" AND THE METHOD OF ITS ORGANIZATION.

A "Trust" is a combination of many competing concerns under one management, which thereby reduces the cost, regulates the amount of production, and increases the price for which the article is sold. It is either a monopoly or an endeavor to establish a monopoly. Its purpose is to make larger profits by decreasing cost, limiting production, and increasing the price to the consumer. This it accomplishes by presenting to competitors the alternative of joining the "Trust" or being crushed out. Its organization is intricate, secret, and subtle. It is a masterpiece of modern ingenuity and fertility of resource. It is a product of the highest order of business talent and executive ability. It is at once a monument to American genius and a symbol of American rapacity.

The term "Trust" is popularly applied to all methods of effecting a combination in trade. It is used to designate not only the most recent devel-

opment and approved method of forming the combination, but also the primitive and crude contracts called "pools."

And indeed there are few "Trusts" exactly alike in their construction. They vary in their organization, according to the property involved, the objects to be attained, and the willingness of the parties to place their property in the hands of others.

The latest, and, perhaps, the most efficient method of organizing the "Trust" is for each of the parties to incorporate his own establishment. The stock of these various corporations is then turned over to certain persons called trustees. In payment therefor the trustees issue to each party "trust" certificates, similar to shares of stock in corporations. Sometimes each party receives from the trustees a bond secured by a mortgage on his own establishment, and also receives "trust" certificates in payment for the "good-will" of his business. By these exchanges the trustees hold a majority of the stock of each of the separate corporations. The trustees thereby elect the directors, place their agents in charge, prevent all clashing of interests, and so control the market. They then have the power to cause one concern to be closed, limit the production of another, consolidate the different establishments, or centralize production at one point. The various parties are not injured, since their part of the profits comes from the whole "Trust," and not from their particular establish-

ment. The trustees are elected annually by the certificate-holders. The "trust" certificates themselves are "watered" up to a point where the vast profits of the "Trust" will make only a reasonable dividend on all the trust certificates which have been issued. Sometimes the various parties turn over to the "Trust" only a majority of the stock of the several corporations composing the combination. This plan, however, interferes with the shutting down of some of the concerns, and, in various ways, is not conducive to harmony.

An important variation of this kind of "Trust" is for a corporation to purchase the stock of the various smaller corporations, giving in payment a bond and mortgage, and also its own stock in payment for the good-will. The fact that in New York and in some other States a corporation cannot own shares of stock in other corporations* presents no difficulty. The incorporation may be had elsewhere. There are States where a corporation may be formed for the purpose of owning shares of stock in other corporations. The wide-awake corporation lawyer who formerly incorporated his companies in Maine, Connecticut, or New Jersey, now finds that the snug harbor of roaming and piratical corporations is the little State of West Virginia.† A

* As to New York, however, see Ch. 119, Laws of 1875.

† Under its laws a corporation may be created for any purpose for which a partnership may be formed, except speculation in land; the capital stock may be five million of dollars or less; there

majority of the stock of the purchasing corporation is carefully retained by the "Trust."

Again, sometimes the small corporations are dispensed with in forming a "Trust." Each of the parties conveys or leases his manufactory or concern directly to one central corporation, which issues in payment therefor its certificates of stock, and sometimes also a bond secured by a mortgage on the manufactory or concern so transferred. A majority or all of the stock of the corporation is placed in the hands of trustees, who thereby elect the directors, and retain the control of the corporation. The trustees then issue "Trust" certificates representing the stock in their possession.

Again, a "Trust" may be formed by having one central corporation purchase, for the purpose of selling, all the product of the various establishments

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is no tax, except fifty dollars annually; residents or non-residents, aliens or citizens may be directors; the principal place of business and directors' and stockholders' meetings may be in or out of the State; there is no liability of directors or stockholders except on unpaid subscriptions, and no public reports are required. It is a broad-gauge law, admirably adapted for the accommodation of the business community of any State. Indeed, the incorporation of companies for the purpose of enabling them to do all their business in other States, seems to be one of the chief industries of that young but enterprising little State—West Virginia. Meanwhile it is clear that it is legal for a company to incorporate in one State and do all its business in another State. See Cook on Stock and Stockholders, § 239. On the general subject of this kind of "Trust," see also the learned note by Mr. Austin Abbott in 19 Abb. New Cases, 450.

of the parties interested. Each party contracts to sell his whole production to the corporation at a fixed price. A majority or all of the stock of the corporation is placed in the hands of trustees, who thereby control the corporation. The profits are divided proportionately, according to the product furnished by each. Generally each participant has a representative among the trustees, or they are elected in accordance with an express agreement. This form of "Trust" enables each party to retain his own establishment, but the plan of organization is a loose one and difficult to maintain.

A different species of "Trusts" exists where no corporation at all is involved. The manufactories or concerns of all the parties are conveyed or leased to trustees, who issue trust certificates, and sometimes bonds secured by mortgage in payment therefor. The certificate-holders elect the trustees, and care is taken that a majority of the certificates remain in the hands of those who will carry out the plans of the parties interested. Or, as a variation of this plan, each of the parties retains his separate establishment, and contracts to sell his whole product to trustees. This scheme, however, varies little from the old "pool."

The object attained in giving to each party a bond secured by a mortgage on the manufactory or property with which he parts, is to give him a lien on his former property. It will then come back to him in case the "Trust" turns out to be a failure.

In all of the "Trusts" described herein, an unincorporated joint-stock association may be used to take the place of the corporations. Where, however, real estate is involved, the unincorporated joint-stock company is of little use.

In all of them, also, trust certificates are issued by the trustees to the parties to represent their interest in the "Trust." These certificates are bought and sold on the market like shares of stock.

Occasionally a "Trust" is formed for a different purpose than all of these. The machinery of a "Trust" has been used to unite the stock of many stockholders in a single corporation. This occurs where the parties wish to secure the control of the corporation or to prevent any of the participants from going over to the minority of the stockholders and thereby turning the latter into a majority. It is used, also, to prevent any one of the participants from selling his stock below a fixed price or from selling without the consent of all. This form of "Trust" enables scattered stockholders to unite and to secure the control of a railroad corporation. By it the railroad directors are elected and its policy controlled. Trust certificates are issued to those who turn over their stock to the "Trust."

In England the principle of "Trusts" has existed for many years, but it has been confined to legitimate purposes. It has been in vogue in that country for forty years in carrying on mining operations,

and the modern "Trust" seems to be but an outgrowth of their plan of organization.

These old English "Trusts" were called "Cost-Book Mining Companies."*

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* These mining companies existed in the counties of Cornwall and Devonshire. They are first heard of in the courts about the year 1850. Their plan of organization and operation arose from custom, and corresponds to the elements of the modern "Trust." Their organization and mode of business were as follows: Many persons, desirous of working a mine, would cause the title or lease thereto to be taken in the names of one or more persons called trustees. The business was then carried on by an agent called a "purser," or by a board of managers elected by the participants, who were called the "adventurers." The latter, of course, were the beneficiaries of the "Trust." Any adventurer had a right to transfer his interest to a transferee. There was no fixed capital stock. Calls for money were made on the adventurers, according to their shares, as often as it was needed. For a full statement of the character of these mining companies, see Kittow *v.* Liskeard Union, L. R., 10 Q. B. D. (1874). See also, *In re* Bodwin, etc., Co., 23 Beav. 370 (1857), holding that the court would not take judicial notice of the nature of a cost-book mining company; Hybart *v.* Parker, 4 C. B., N. S. 209 (1858), holding that the purser could not sue at law on an unpaid call; *In re* Wrysgan, etc., Co., 28 L. J. (Ch.) 894 (1859), as to right to relinquish shares, also describing the functions of the purser and managing directors; Johnson *v.* Goslett, 18 C. B. 728 (1856), aff'd in 3 C. B., N. S. 569 (1857), giving the full terms of the articles of agreement; Thomas *v.* Clarke, 18 C. B. 662 (1856), where the court said: "Every partnership has a right to make its own regulations as to the mode of transferring shares or interests therein;" *In re* Prosper, etc., Co., L. R., 7 Ch. 286 (1872), relative to rights upon a resignation; Mayhew's Case, 5 De G. M. & G. 837 (1854), holding that by a transfer of his share "the liability of the transferrer is entirely divested from him and passes to the transferee;" *In re* Wrysgan Co., 5 Jur. N. S. 215

In more recent times, in England, the genuine "Trust" has been used for legitimate investment purposes. The trustees are authorized to invest the funds of the "Trust" in the stocks and bonds

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(1859), where the court said: "The various phases of absurdity which these joint-stock companies display are such that the marvel, in my mind, is daily increasing how any man can become a member of a joint-stock company;" Northey *v.* Johnson, 19 L. T. 104 (1852), holding that after transfer the transferrer is not liable for the debts incurred.

It is clearly established that the adventurers in a cost-book mining company are personally and individually liable as partners for the debts incurred in the enterprise. Peel *v.* Thomas, 15 C. B. 714 (1855); Newton *v.* Daly, 1 F. & F. 26 (1858); Harvey *v.* Clough, 8 L. T., N. S. 324 (1863).

Tredwen *v.* Bourne, 6 M. & W. 461 (1840); Ellis *v.* Schmoeck, 5 Bing. 521 (1829).

Lanyon *v.* Smith, 3 B. & S. 938 (1863), holding a transferrer liable for debts incurred previous to the transfer. To same effect, Teake *v.* Jackson, 15 W. R. 338 (1867).

They are liable also to indemnify the directors or trustees.

Ex parte Chippendale, 4 De G. M. & G. 19, 52 (1854).

See also Birch's Case, 2 De G. & J. 10 (1857) and Fenn's Case, 4 De G. M. & G. 285 (1854), where the members who had exercised their right to withdraw were held not liable. In Hart *v.* Clarke, 6 De G. M. & G. 232 (1855) an adventurer compelled the company to account to him for his share of the profits.

The adventurers have no interest in the land, and consequently a transfer of their shares is not a transfer of an interest in land. Sparling *v.* Parker, 9 Beav. 450; Powell *v.* Jessopp, 18 C. B 336 (1856); Hayter *v.* Tucker, 4 K. & J. 243 (1857). The Cost-Book Mining Company was frequently spoken of as a species of joint-stock company. *In re* Wrysgan Co., *supra;* Teake *v.* Jackson, 15 W. R. 338 (1867); Watson *v.* Spratley, 10 Ex. 222 (1854). See Watson *v.* Spratley, *supra*, where the court said: "The interest

of miscellaneous corporations. Generally, however, they are limited in the amount which they may invest in any one direction. That which is lost in one investment is expected to be made up by large profits in another. It is a mode of investment on a large scale, and is made on the principle of an average gain and loss. "Trusts" of this character are said to be of French origin.*

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of the shareholder in the great incorporated joint-stock companies, and in the smallest mine conducted upon the cost-book principle, is, in its essential nature and quality, identical.

For an American mining case applying similar principles, see Treat *v.* Hiles, 32 N. W. Rep. 517 (Wis. 1887). It is well settled that the shareholders in an unincorporated association cannot convey or dedicate to the public any land that may be held by trustees for its benefit. Ward *v.* Davis, 3 Sandf. Rep. (N. Y.) 502 (1850).

The interest of one of the *cestui que trust* of such a trust, consisting of real estate, is personalty, and descends as such upon his death. Mallory *v.* Russell, 32 N. W. Rep. 102 (Iowa, 1887).

* See Healey on Company Law and Practice, p. 191.

For the form of articles of agreement of this kind of a "Trust," and for a detailed statement of the various provisions that are made, varying according to the character of the enterprise and the purposes of the participants, see Sykes *v.* Beadon, L. R., 11 Ch. D. 170 (1879); Smith *v.* Anderson, L. R., 15 Ch. D. 247 (1880); Wigfield *v.* Potter, 45 L. T. 612 (1882); Credit Mobilier *v.* Commonwealth, 67 Pa. St. 233 (1870), the last case being a "Trust" created to construct a railroad, the *cestui que trust* being the stockholders of a designated corporation. In Smith *v.* Anderson, L. R., 15 Ch. D. 247 (1880), the court said: "The deed appears to me to be merely a trust deed of property for investment, the investment being spread over a number of different securities, so as to enable persons who choose to invest their money in this way to avail themselves of that which, I believe, is one of the most certain things

There is still another kind of "Trust." This also is legitimate in its operations and plan. It is the American "Car Trust." It is practically an agreement of several owners of cars to place them in the hands of an agent to sell on the instalment plan, the agent having the power to issue certificates representing an interest in the instalments.*

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in the world—viz., what is called the doctrine of averages; that is to say, that if a large number of different independent securities of a hazardous description are held together, the loss upon some will be compensated by the gain on the others, so that a tolerably uniform average rate of interest will be obtained. The object and the legitimate object of the persons who were invited to join in this company was to have an investment of their money under such circumstances that they might look to have a high dividend, with a very considerable security for the capital which they were investing in it. I can see nothing like an attempt at evading the act or at doing anything but making investments upon a large scale, so as to obtain the benefit of the doctrine of averages."

Cotton, L. J., said: "As I understand it, this is a scheme for enabling a large sum of money provided by various persons to be invested on a large aggregate of securities of different companies of a particular class, an aggregate including the securities of so many companies as to give a fair average in that particular class of security. . . ."

* In the case of Ricker *v.* American Loan and Trust Co., 140 Mass. 346 (1885), a car trust was described as being formed by an instrument in writing containing numerous articles, for the purpose of buying, selling, and leasing railroad rolling stock, to be sold or leased to a certain railroad company, with provisions for admitting other persons to membership. The members of the association were to furnish money for the purchase of the rolling stock, and were to have certificates for the amounts so furnished. The principal sum contributed by each member was to be repaid in ten an-

Hence it can be seen that a "Trust" is neither an old common-law trust, nor an unincorporated joint-stock association, nor a corporation. It partakes of the nature of the three. Like the old common-law trust, the title is in the trustees, and they carry on the business as trustees. On the other hand, like the modern unincorporated association and the corporation, certificates representing a proportional interest are issued; these certificates are transferable; the persons interested in the "Trust" change and fluctuate; and the trustees themselves are elected by those who hold the certificates.

Such is the nature of the "Trust." It is well calculated to baffle investigation and to work out its scheme secretly, silently, and effectively. Its struc-

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nual instalments with interest. Both principal and interest were payable only out of the rentals received for the rolling stock. A plan was adopted by which the association delivered the property to a corporation as trustee, which issued the certificates to the members of the association, and also executed the leases to the railroad company, with provisions for a rental sufficient to meet the above payments of principal and interest, in addition to expenses, including taxes. At the end of ten years the rolling stock was to become the property of the railroad company. The original board of managers was named in the articles of association, but the shareholders were to have the power to remove them and to elect others. At all meetings every shareholder was to have one vote for each share of stock owned by him, and provision was made for the transfer of shares. The association was not to be dissolved by the death of members. Every owner of one or more shares was to be entitled to a proportional share of the rental received.

ture bears witness to the ingenuity displayed in its construction. It is a labyrinth that is a puzzle to the investor and a peril to the public. It controls the wealth and concentrated power of a corporation, but avoids the publicity and restraints which a wise public policy has placed upon corporate acts. It is a skilfully constructed machine. Whether or not it is legal, and whether or not it should be permitted to continue and exist, remains yet to be seen.

LEGALITY OF "TRUSTS."

There are many things to be considered in determining whether or not a "Trust" is legal. Does it vest personal property or real estate in a trustee for a longer period than is allowed by law? Is the formation of a trust for the purpose of carrying on business authorized by law? Is the shifting of the parties interested—that is, the certificate holders, allowed in cases of trusts? Finally, and most important of all, is not a "Trust" illegal on the ground that it is a combination and monopoly, and as such void by the rules of public policy? These questions will be considered in the order named.

It is the policy of the law to limit the time during which a person may tie up his personal property or real estate. Generally this time is fixed as the lifetime of the survivor of any two persons then living and designated by the person creating the trust. Each State by its statutes generally provides and names the time during which property may be tied up by

a trust, and if a trust is formed for a period longer than that allowed by statute, the trust itself is void.*

Moreover, if the time is to be measured by the life of a person then living, a trust which is to exist for a fixed period, however short, without reference to the life of a person then living, is void.†

Again, there is little doubt that merchandise, land, and shares of stock may be placed in trust. The law is clear that "every kind of valuable property, both real and personal, that can be assigned at law may be the subject-matter of a trust."‡

A different question arises, however, in determining whether a trust may be created to carry on business and trade, or to control a concern which carries on business. Under the statutes of New York a trust, whose property consists of *real estate*, is void, unless the purpose of the trust is to sell the land for the benefit of creditors; or to sell, mortgage, or lease it for the benefit of legatees or for satisfying a

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* Gerard's "Titles to Real Estate," p. 228.

† *Id.*, pp. 228, 229. In New York the suspension can be for only two lives in being and, in certain cases, twenty-one years thereafter. 2 R. S. 723, § 15 (p. 2176, 7th ed.). This statute applies equally to real and personal property. Gerard on Titles of Real Estate, 235; Howe *v.* Van Schaick, 7 Paige, 221 (1838); Bean *v.* Bowen, 47 How. Pr. 306; Holmes *v.* Mead, 52 N. Y. 332,344 (1873). The statutory prohibition against the accumulation of the income of trust property, except in the case of infants, applies both to real estate and personalty. Gerard's "Titles to Real Estate," p. 238.

‡ Perry on Trusts, § 67.

lien on the land; or to receive the rent and use it for the support of a certain person; or to accumulate the rent for a certain person.*

Accordingly a modern "Trust," whose property consists of real estate in New York, would be void. But as to personal property, the law is generally different. At common law the placing of personal property in trust for the purpose of carrying on business in the name and under the management of the trustees is legal and allowable.†

The statutes of the various States, however, must be consulted in reference to this point. Many of

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* See 2 R. S. of N. Y. 728, § 55 (p. 2181, 7th ed.).

† For decisions at common law to the effect that property may be vested in trustees for the purpose of carrying on business, see *Ex parte* Garland, 10 Ves. 110 (1803); Scott *v.* Izou, 34 Beav. 434 (1865).

In the case of Holmes *v.* Mead, 52 N. Y. 332 (1873), the court said: "A trust in personal property, which is not in conflict with the statute regulating the accumulation of interest and protecting the suspension of absolute ownership in property of that character, is valid when the trustee is competent to take, and a trust is for a lawful purpose well defined, so as to be capable of being specifically executed by the court. . . . Trusts of personal property are not affected by the statute of uses and trusts, which applies only to trusts in real property."

In Gott *v.* Cook, 7 Paige, 521, 534 (1839), the chancellor said: "The Revised Statutes have not attempted to define the objects for which express trusts of personal property may be created, as they have done in relation to trusts of real estate. Such trusts, therefore, may be created for any purposes which are not illegal." See also Graff *v.* Bonnett, 31 N. Y., 119 (1865).

In Power *v.* Cassidy, 79 N. Y. 602, 613 (1880), the court said:

them, including Michigan, Wisconsin, Minnesota, California, Dakota, North Carolina, Georgia, Pennsylvania, Connecticut, Kentucky, and Vermont, have statutes expressly specifying the objects for which a trust may be created.*

There is little difficulty in determining the question whether it is allowable in law to create a trust where the *cestuis que trust*—that is, the certificate holders, change and fluctuate in their identity. The law does not require the *cestui que trust* to remain continuously one and the same person. He is not indefinite, even though by transfer of interest his identity may change.†

In regard to this matter, a "Trust" is legal on the same principle that it is legal for a bondholder, secured by a railway trust deed or mortgage, to sell and transfer his interest to another.

A more formidable objection to the legality of "Trusts" is that they are similar to an unincorporated joint-stock association, and that the latter are illegal, inasmuch as they assume the powers, privileges, and name of a corporation. It was on this ground that the recent decision in Louisiana declared

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"The law does not limit or confine trusts as to personal property, except in reference to the suspension of ownership, and they may be created for any purpose not forbidden by law." To same effect, Bucklin *v.* Bucklin, 1 Keyes (N. Y.) 141 (1864).

* See Stimson's American Statute Law, § 1703.

† See Harrison *v.* Harrison, 36 N. Y. 543 (1867), aff'g 42 Barb. 162; Holmes *v.* Mead, 52 N. Y. 332, 343 (1873); Conkling *v.* Washington University, 2 Md. Ch. 497 (1849); Perry on Trusts, § 66.

that the American Cotton Oil "Trust" was illegal, and was disqualified to do business within that State. The court held that, under the statutes of Louisiana, an unincorporated joint-stock association is illegal; that a "Trust" was one kind of an unincorporated joint-stock association, and consequently that it was illegal and void.*

But this view of the law would not be sustained elsewhere in this country; nor would it be sustained under the old common law of England. Unincorporated joint-stock companies have existed for years, and are common throughout all the other States of the Union. They are legal methods of carrying on business.†

In England there formerly was doubt upon this subject, but this doubt was due to the "Bubble Act." This statute was passed in 1719 for the purpose of suppressing unincorporated companies. At that time they were regarded as "dangerous, mischievous, and, in short, public nuisances." But the statute was repealed in 1826, and Lindley, the great English judge and jurist, says of it: "Juster views of political economy and of the limits within which legislative enactments should be confined have led to the repeal of the statute in question, which, though deemed highly beneficial half a century ago,

* State of Louisiana *v.* American Cotton Oil Trust, 1 Ry. and Corp. L. J. 509 (1887), the court saying: "A joint-stock company is not known to the laws of Louisiana."

† See Cook on Stock and Stockholders, Ch. 29.

probably gave rise to much more mischief than it prevented."*

Moreover, a careful examination of the English authorities up to the present day shows conclusively that at common law an unincorporated joint-stock association is legal and valid.†

IS THE "TRUST" CONTRARY TO PUBLIC POLICY?

Thus far the modern "Trust" meets with no legal obstacles. Nothing impedes its way. But the end is not yet. There is yet to be considered the effect of the "Trust" upon the public welfare. It is a serious question whether all of the modern "Trusts" are not illegal and void, because they are monopolies and combinations in restraint of trade. And this will be a question that cannot be settled in a day, it will vex the courts frequently hereafter, and will trouble the "Trust" promoter more than any other. It will lead to protracted, strenuous, and frequent litigation. It will cause conflicting decisions in different States. From present indications it will be the one great obstacle that cannot be removed or overridden by the "Trusts."

There can be no denial of the fact that a "Trust" is organized to do away with competition. Without that result it is a failure; with it "a success." The modern "Trust" is a monopoly in its purposes, its

* Lindley on Partnership, 193, the great English work on corporations.

† *Id.* 192, 196.

plans, and its culmination. It is a combination that strikes down all competitors. The parties combine to control the market and to control it without competition.

Fortunately the law is clear in its decision of this question. Cases have arisen which involve "Trusts" very similar to the most modern of these organizations. And the decisions in these cases speak in no uncertain tone. They hold that a "Trust" is a combination in restraint of trade, and that, as such, it is illegal and void. There is no question as to the conclusion and tendency of the law.

In Ohio, some ten years ago, many salt manufacturers formed a "Trust," by agreeing to sell all their product to an unincorporated joint-stock association. The latter was composed of and its directors were elected by the manufacturers. The purpose of the combination was to have the association buy the salt from the manufacturers and sell it to the public. Competition would thereby be prevented. The court held that the combination was void, and refused to enjoin one of the parties from breaking his contract with the association.*

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* Central Ohio Salt Co. *v.* Guthrie, 35 O. St. 666 (1880), the court saying: "Public policy unquestionably favors competition in trade, to the end that its commodities may be afforded to the consumer as cheaply as possible, and is opposed to monopolies which tend to advance market prices, to the injury of the general public. . . . The clear tendency of such an agreement is to establish a monopoly and to destroy competition in trade, and for that

In Pennsylvania, about the year 1870, five Pennsylvania coal corporations, which together controlled a certain kind of coal, combined and agreed that sales should be made through a committee and a general agent, and that thereby prices should be fixed, freights made, and sales and deliveries adjusted. If any company sold more than a fixed proportion, it was to pay a certain amount to the others. The combination was made and carried out in New York. In the course of time one of the companies sued another to recover its proportion of the amount which the latter was to pay for the excess of coal sold by it. The Pennsylvania court held that he could not recover; that the combination was illegal and void; and that it was a conspiracy under the New York statute against the commission of any act by two or more persons "injurious . . . to trade or commerce." *

In New York, in 1869, a coal company bought coal from several corporations upon their contract not to sell to any other parties in that locality. The purpose was to enable the purchaser of the

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reason, on grounds of public policy, courts will not aid in its enforcement. It is no answer to say that competition in the salt trade was not in fact destroyed, or that the price of the commodity was not unreasonably advanced. Courts will not stop to inquire as to the degree of injury inflicted upon the public; it is enough to know that the inevitable tendency of such contracts is injurious to the public."

* Morris Run Coal Co. *v.* Barclay Coal Co., 68 Pa. St. 173 (1871).

coal to have a monopoly of the market. The party which purchased the coal did not pay for it. The coal company which had sold brought suit for the price, but the court held that the suit must fail. The company had taken part in an illegal contract and combination. In such cases the parties are outside of the pale and protection of the law. The courts will not aid either party.*

In Louisiana, where several firms owned a large quantity of Indian bagging, and combined and agreed not to sell, except upon the consent of a majority of those who were parties to the agreement, the court refused to uphold the agreement, and refused to enjoin one of the parties from violating his compact.†

The court said: "The agreement between the parties was palpably and unequivocally a combination in restraint of trade, and to enhance the price in the market of an article of primary necessity to cotton planters. Such combinations are contrary to public order, and cannot be enforced in a court of justice."

In another case many manufacturers, in consequence of troubles between themselves and their employés, entered into an agreement and gave a bond that they all would abide by the rates of labor, hours of work, and other regulations which a

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* Arnot *v.* Pittston, etc., Coal Co., 68 N. Y. 558 (1877).

† India Bagging Association *v.* Kock, 14 La. An. 168 (1859).

majority of those who entered into the combination should decide upon. The court held that the compact was in restraint of trade; that it was illegal and void, and that the bond could not be enforced.*

As long ago as 1711 in England, in a leading case on this subject,† the court said "that to obtain the sole exercise of any known trade throughout England is a complete monopoly, and against the policy of the law."

In Illinois, about the year 1875, all the grain dealers in a town secretly combined and made contracts by which they controlled the price of grain and the local storehouse accommodations. The parties succeeded, but disagreed in their division of the profits. An action for an accounting was brought by one against another. The court refused to aid either party. The law will leave the guilty conspirators as it finds them.‡

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* Hilton *v.* Eckersley, 6 El. & Bl. 47 (1856).

† Mitchell *v.* Reynolds, 1 P. Williams, 181, 187.

‡ Craft *v.* McConoughy, 79 Ill. 346, the court saying: "The four firms, by a shrewd, deep-laid, secret combination attempted to control and monopolize the entire grain trade of the town and surrounding country. That the effect of this contract was to restrain the trade and commerce of the country is a proposition that cannot be successfully denied." It is to be mentioned that some twenty-five years previous to this decision, a case involving somewhat similar facts came before the Supreme Court of Wisconsin, and was decided the other way. Kellogg *v.* Larkin, 3 Pinn (Wis.) 123 (1851). A company which is organized in violation of a statute cannot collect debts which are due to it. Jennings *v.* Hammond, 51 L. J. (Q. B.) 492 (1882), the company in this case

In New York, in 1842, the proprietors of five lines of boats engaged in canal transportation agreed to combine and do business at certain rates for freight and passage. The net earnings were to be divided among themselves in a fixed proportion. One of the parties sued another to compel him to make payment. The court held that the combination was void under the statutes of New York, and said: "It is a familiar maxim that competition is the life of trade. It follows that whatever destroys or even relaxes competition in trade is injurious, if not fatal to it."*

Additional light is thrown upon this subject by cases where grain or stock speculators attempt to form or do form a "corner" in grain or stock. A "corner" on an article is made by buying up all of the article, and then buying more to be delivered at a future time. When that future time comes the person who sold is "cornered;" he can find none of the article to deliver. But the "corner" fares ill at the hands of the courts. It is declared to be illegal and void.†

The victim of the "corner," being innocent of any

being organized in violation of a statute which prohibited more than twenty persons united in an association or partnership, except under certain conditions.

* Hooker *v.* Vandewater, 4 Denio, 349 (1847). See also, in general, Greenhood on Public Policy, p. 660.

† Sampson *v.* Shaw, 101 Mass. 145 (1869); Raymond *v.* Leavitt, 46 Mich. 447 (1881). See Petrie *v.* Hannay, 3 Term Rep. 418 (1789).

participation in the conspiracy, may bring suit in a court of equity, and may recover back the money which has been illegally exacted from him.*

The whole tendency of the law is to declare illegal and void all combinations which destroy competition in trade. Thus in 1843 in New York a large number of the proprietors of boats on the canals made a combination. The income from every boat, over and above a certain amount allowed to the boat for expenses and wear and tear, was turned into the "pool." At certain times the fund in the "pool" was to be divided among the parties, according to the number of their boats. In an action to enforce payment under the agreement, the court held that the whole arrangement was illegal, void, and not enforceable.†

About the year 1860 many salt manufacturers in New York State combined to limit the production and control the price of salt. They formed a corporation, and each of the parties leased to the corporation his manufactory of salt. Each of the parties was, however, to continue the manufacture of

* Barry *v.* Croskey, 2 J. & H. 1 (1861). See, in general, Cook on Stock and Stockholders, §§ 341–348.

† Stanton *v.* Allen, 5 Denio, 434 (1848), where the court said. "Though the branch of the law relating to public policy is liable to be misunderstood and extended beyond its proper dimensions, still it must not on that account be neglected or disparaged. The rule that contracts and agreements are void when contrary to public policy, when properly understood and applied, is one of the great preservative principles of a State."

salt in his manufactory, but only to a limited extent, and was to sell the product to the corporation at a fixed price. The agreement was carried out. One of the parties could not collect from the corporation the price for the salt delivered to it, and accordingly he brought suit. But the court decided that he could not collect. He lost his salt, and also the price of it. The law declares such combinations illegal, and will not aid any of the parties.*

And, indeed, ever since the days of Lord Coke, who, in the great and leading "Case of the Monopolies," † declared that a monopoly was illegal and void, there has been a continuous line of cases which have protected trade and the public against any and all schemes and devices of competitors to unite and regulate prices. Even the few cases which may seem to vary this principle of law are found, on close examination, to sustain and uphold it.‡

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* Clancy *v.* Onondaga Fine Salt, etc., Co., 62 Barb. 395 (1862), the court saying: "This court has held repeatedly that the purposes which were attempted to be accomplished through the corporation were illegal. The end to be attained being illegal, the contracts and agreements entered into to secure the end must be equally so."

† 11 Coke, 84.

‡ In Commonwealth *v.* Smith, 9 North East. Rep. 629 (Mass. 1887), where certain shade-roller manufacturers formed a corporation to sell their product, the court enjoined one of the parties from repudiating the agreement, but clearly said: "The agreement does not refer to an article of prime necessity, nor to a staple of commerce, nor to merchandise to be bought and sold in the market. . . . It does not look to affecting competition from outside—the parties have a monopoly by their patents—but only

The position of the law is clear. Combinations to restrict production, or to prevent competition, or to regulate prices are illegal and void. A combination for any one of these purposes is condemned by the law, and the parties are given no standing in the courts. The law declares that public policy, the interests of trade, the protection of the public, and the welfare of the State demand that this rule be sustained. Lord Coke well said that a monopoly led to three results: an increase in price, a decrease in quality, and the impoverishment of artisans and others. There will be no relaxation of the bounds which the law has set upon combinations in trade.

And it is not to be presumed that these fixed principles of jurisprudence may be evaded by new machinery and ingenious schemes. The conspirators may place their stock in the hands of trustees; the trustees may control the various corporations;

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to restrict competition in price between themselves. . . . When it appears that the combination is used to the public detriment, a different question will be presented from that now before us."

Skrainka *v.* Scharringhausen, 8 Mo. App. 522 (1880), upholding a pooling contract of certain owners of stone quarries located in St. Louis, on the ground that the restraint was local in its effects.

See also Wicken *v.* Evans, 3 G. & J. 318 (1829); Marsh *v.* Russell, 66 N. Y. 288 (1876), and see also Ontario Salt Co. *v.* Merchants' Salt Co., 18 Grant's Ch. 540 (1871), where a Canadian "pool" on salt was sustained.

Diamond Match Co. *v.* Roeber, 106 N. Y. 473 (1887), relied upon by many "trust" lawyers, was not at all a "trust" case and is no authority on the subject.

the directors may obey orders given them ; production may be limited and controlled ; prices may be increased and made uniform ; competitors may be crushed out or absorbed—all this may be done through the "Trust," not by contracts, but by trustees, and yet the law will circumvent them. It is not to be evaded by shrewd devices or sharp practices. The courts for centuries have refused to define what constitutes a fraud, because to do so would enable men to evade the law. In like manner, the courts never yet have limited their power to declare what contracts are against public policy. These terms are left undefined, so as to meet new devices with new remedies.

When the modern "Trust" attempts to enforce its agreements in the courts, or when its contracts are involved in litigation, or when its certificate-holders seek to enforce their claims, or when the attorney-general brings suit to forfeit the charters of the corporations involved, or when the State repeals these charters—he is a bold man who says that the "Trust," or the trustees, or the original parties, or the parties contracting with them, or the certificate-holders will be aided or protected by the courts. More likely they are to find themselves outside of the pale and the protection of the law.

"TRUSTS" OF SHARES OF STOCK.

The difficulties, risks, and dangers incident to all combinations and "Trusts" have been considered

and discussed. They apply to "Trusts" of shares of stock as well as "Trusts" formed in any other of the various ways which are in vogue. But the "Trusts" of shares of stock have other rocks and shoals upon which they are liable to be wrecked.

This kind of "Trust" is generally considered the most secret, most effective, and most invulnerable. And in many respects it is. It enables the trustees to place their agents in office as directors of various and widely-scattered corporations. These agents obey the orders of the trustees. Prices and production are regulated and controlled. The trustees are relieved from details, and yet they are enabled to dictate the policy and business of every root and branch of the far-reaching organization. The trustees are autocrats. Their movements are secret and irresponsible; their power is unchecked, and their money resources are vast, concentrated, and instantaneously available. They work toward their ends systematically and generally irresistibly. It is a machine of consummate efficiency. It becomes a monopoly, centralized in a few hands.

And yet it has dangers in addition to and greater than the dangers of other forms of "Trusts." It is safe only when it owns, not merely a majority, but all of the stock of the various corporations which it controls. The minority stockholders may create trouble. It is true that an outside stockholder cannot object to other stockholders uniting their interests in a "Trust," and thereby obtain

control of the corporation.* But he can object when the purpose of the "Trust" is to work out some scheme which is illegal in itself,† and there are few of the modern "Trusts" which have not for their object the restriction of competition, the reduction of production, the regulation of prices, or the establishment of a complete and absolute monopoly. Moreover, their acts in limiting the production, decreasing the business, changing the policy, or making the contracts of the smaller corporations may be held to constitute a fraud upon the minority, or be beyond the powers of the corporation. There is danger also that the people, through their attorney-general, or that the State, through its Legislature, may forfeit or repeal the charters which have been misused and perverted from the purposes of their creation.

But the most dangerous reef upon which such a "Trust" has gone to pieces is the method by which it holds the shares of stock. The courts have held that the trust certificate-holders have a proportionate interest in the shares of stock held by the "Trust," and that, at any time, a certificate-holder may demand his proportionate part of that stock. The "trustees" are held to be agents and not trustees. Though they hold the nominal title to the stock and the right to vote upon it, yet the real owner—the

* Zimmermann *v.* Jewett, 19 Abb. N. C. 459 (Ohio, 1886).

† Hafer *v.* New York, etc., R R. Co., 14 Cin. Law Bull. 68 (Ohio, 1886).

trust certificate-holder—may at any time demand and recover from the trustees his proportionate part of the stock.

These decisions arose out of "Trusts" formed, not for the purpose of a combination in trade, but for the purpose of tying up the majority or all of the stock of a single corporation. The various holders of the stock wished to act together in holding, selling, or voting upon it. They aimed to place the stock in such a position that no one of the parties could break his agreement to act with the others. Various devices had been tried. "Irrevocable" proxies to vote upon the stock had been given by all the parties to a designated person, who acted as their agent. But the courts decided that these proxies were not irrevocable, but might be revoked at any time.*

This plan was a failure. Any party could at any time sell his interest, and the transferer could demand his part of the stock held in trust. Another

* Woodruff *v.* Dubuque, etc., R. R. Co., 30 Fed. Rep. 91 (1887). In this case the stock certificates were turned over to trustees to transfer to themselves, with power to vote, hold, or sell the same. "Trust" certificates were issued. The court held that at any time previous to an actual sale by the trustees, a certificate-holder might revoke his interest in the "Trust" and demand back his part of the stock. To same effect and on very similar facts, see Griffith *v.* Jewett, 15 Weekly Law Bull. 419; Vanderbilt *v.* Bennett, 2 Ry. & Corp. L. J. 409 (Penn. 1887). Such irrevocable proxies are not necessarily void as against public policy. Brown *v.* Pacific Mail Steamship Co., 5 Blatchf. 525 (1867). It simply is revocable.

device was tried. The parties contracted together not to sell their stock for a specified time, and agreed that if they did they would sell together, or to a purchaser who would be agreeable to the old stockholders. But this plan also did not succeed. If it prohibited any sale whatsoever, and did not limit the time during which the agreement was to last, it was void as an illegal restraint of trade.*

Moreover, it constituted no check on the parties. At any time any one of the parties might sell his stock. The only remedy of the other parties against him, then, was a doubtful, difficult, protracted, and expensive suit for damages.†

Still another plan had been tried. An unincorporated joint-stock association had been formed to carry on the business. A provision was inserted in the articles of association of the company restricting the right of a shareholder to sell his stock. This provision was upheld by the courts. The purchaser of a certificate of stock, sold in violation of the agreement, received no right to vote or participate in the company. He merely was entitled to the dividends on his stock.‡

But this device is not open to corporations. Their charters are generally obtained by filing a certificate

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* Fisher *v.* Bush, 35 Hun (N. Y.), 641 (1885).

† See Havemeyer *v.* Havemeyer, 43 N. Y. Super. Ct. 506 (1878); 13 *Id.* 464; 86 N. Y. 618.

‡ Harper *v.* Raymond, 3 Bosw. (N. Y.) 29 (1858). See also Kingman *v.* Spurr, 7 Pick. 234 (1828).

in accordance with a general law. A special provision inserted in the certificate, limiting the right to transfer stock, would be ineffectual and void. Nor can a by-law of the corporation accomplish the result. By-laws are not allowed to restrict the sale and transferability of stock.*

Thus it is that so far all efforts to combine shares of stock have failed. And this failure is significant. It affects not merely those persons who, being stockholders, desire to unite their interests, but it affects also the most recent mode of organizing a "Trust." That mode is by turning over to trustees the shares of stock of various corporations which own the competing manufactories. The trustees then issue trust certificates, and these trust certificates represent an interest in the shares of stock held by the trustees. It is yet to be seen whether the courts will hold, as they have held in other cases, that, at any time, a holder of a trust certificate may demand from the trustees his proportionate part of the shares of stock held by them. So far every such demand has been sustained and enforced by the courts. And the "Trust" lawyers are awake to this danger. They know its destructive power. They have endeavored to avoid it by having the "Trust" purchase the stock for cash; by providing that on the dissolution of the "Trust" the stock shall be sold, and by various other provisions. But it is a danger that

* See Cook on Stock and Stockholders, § 332.

cannot easily be overcome. The courts are hostile to the "Trusts." The law will not be strained to uphold them. Who can say that the courts, in contradiction of present decisions, will decide that the certificate-holder in the modern "Trust" cannot demand his proportionate part of the stock held by it?

LIABILITY OF THE TRUSTEES AND THE CERTIFICATE-HOLDERS FOR DEBTS INCURRED BY THE "TRUST."

The law is clear that a trustee who carries on any kind of business is liable personally, and to the entire extent of his private fortune, for all the debts incurred in the management and execution of the trust.* Not even the use of the words "as trustee," in the contract entered into, will protect him against this liability.†

And there is little doubt that the creditors of the trust may collect their debts from its property. This has been a doubtful point, but is now reasonably well settled. It matters not whether the trustees have expressly bound the trust property to pay the debts. Where the trustee is insolvent a cred-

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* Thompson *v.* Brown, 4 Johns. Ch. 619 (1820); Wild *v.* Davenport, 7 Atl. Rep. 295 (N. J. 1887); Stephens *v.* James, 3 South East. Rep. 160 (Ga. 1887); Rogers *v.* Wheeler, 43 N. Y. 598 (1871); Jones *v.* Seligman, 81 N. Y. 190 (1880).

† Stephenson *v.* Pold, 32 N. W. Rep. 340 (Iowa, 1887). 1 Parsons on Contracts, 6th ed.,* 121.

itor of the trust may proceed against its property to procure payment of a debt incurred in the execution of the trust.*

But a different rule prevails as regards the *cestui que trust*, the beneficiary. The *cestui que trust* cannot be held liable for the debts created by the trustees or for debts incurred in the execution of the trust. This question has arisen chiefly in cases where trustees have carried on the business of an insolvent person for the benefit of the creditors of the latter.† And the same conclusion is reached in cases where an executor, administrator, or trustee carries on a business for the benefit of a beneficiary.‡

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* Cater *v.* Everleigh, 4 Desaus, 19 (1809); James *v.* Mayrant, 4 Desaus, 691 (1815); Montgomery *v.* Everleigh, 1 McCord Ch. 267 (1826); Magwood *v.* Patterson, 1 Hiles' Ch. 228 (1833); Gaudy *v.* Barrit, 56 Ga. 640 (1876); Tennant *v.* Stoney, 1 Rich. Eq. 222, 243 (1845); Wylly *v.* Collins, 9 Ga. 223 (1851); Frost *v.* Shackleford, 57 Ga. 261; Ferrin *v.* Myrick, 41 N. Y. 315 (1869); *contra*, Worral *v.* Harford, 8 Ves. Jr. 8 (1802); Mulhall *v.* Williams, 32 Ala. 489 (1858); Jones *v.* Dawson, 19 Ala. 672 (1851). See also New *v.* Nicoll, 73 N. Y. 127 (1878); Noyes *v.* Blakeman, 6 N. Y. 567 (1852).

† Storrs *v.* Flint, 14 J. & S. (N. Y.) 498 (1880); Cox *v.* Hickman, 8 H. L. Cases, 268 (1860); *Re* Stanton Iron Co., 21 Beav. 164 (1855); Selwyn *v.* Harrison, 2 J. & H. 334 (1862); see Bingaman *v.* Hickman, 8 Atl. Rep. 644 (Pa. 1887).

‡ In the case *Ex parte* Garland, 10 Ves. 110 (1803), where a testator directed that a certain sum be used to carry on a business, and the executor so used it, and the business became insolvent, held, per Lord Eldon, that no other part of the testator's property was liable for the debts thereby incurred, overruling Hankey *v.* Hammond, 1 Cooke's Bank. Law, 67 (1786). Lord Eldon further said:

It has been held also that the trustee cannot render the *cestui que trust* liable, even though the trustee contracts with the creditor to that effect.*

There is little doubt that these old principles of law are applicable to "Trusts." The courts of England have decided that a modern "Trust" is not a partnership or mere association, but is similar to an old common-law trust estate. This conclusion was reached in construing an English statute which prohibits certain partnerships or associations from doing business.†

"On the other hand, the case of the executor is hard. He becomes liable, as personally responsible, to the extent of all his property, . . . though he is but a trustee. But he places himself in that position by his own choice." In the case *In re* Johnson, L. R., 15 Ch. D. 548 (1880), the cases are reviewed. Lord Eldon's decision that it is not the general estate of the testator which is liable, but only so much as he has authorized to be employed in the business, is stated to be still the law. See also Strickland *v.* Symons, L. R., 26 Ch. D. 245 (1884).

* Stanton *v.* King, 8 Hun (N. Y.), 4 (1876), aff'd 69 N. Y. 609, see 15 Am. L. Rev. 456; Burch *v.* Breckenridge, 16 B. Mon. 488; New *v.* Nicoll, 12 Hun, 431 (1877), aff'd 73 N. Y. 127.

† In England a statute exists which forbids any company, association, or partnership consisting of more than twenty persons from carrying on any business for the acquisition of gain, unless it is registered as a company under the Joint Stock Company's Act, and complies therewith as regards reports, etc. It has been held that a "Trust" is not a "company, association, or partnership," and consequently is not affected by this statute. Wigfield *v.* Potter, 45 L. T. 612 (1882); Crowther *v.* Thorley, 32 W. R. 330 (1884); *In re* Siddall, L. R., 29 Ch. D. 1 (1885); Smith *v.* Anderson, L. R., 15 Ch. D. 247 (1880).

The last case cited was an action to have the "Trust" dissolved

Such being the case, it seems to be clear that the trustees and the property of a modern " Trust" are liable for all debts incurred by it, but that the holders of the trust certificates are not in any way liable therefor, unless they have expressly agreed to assume that liability.

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on the ground that it was a partnership, and was doing business in violation of the statute. The court refused to grant the relief desired, and said that the certificate-holders were not partners and did not form an association. " There has never been anything creating any mutual rights or obligations between these persons. They are from the first entire strangers, who have entered into no contract whatever with each other, nor has either of them entered into any contract with the trustees or any trustee on behalf of the other, there being nothing in the deed pointing to any mandate or delegation of authority to anybody to act for the certificate-holders as between themselves and nothing, as it appears to me, by which any liability could ever be cast upon the certificate-holders either as between themselves or as between themselves and anybody else. . . . If there is any business at all, it is to be carried on by the trustees. Whatever is to be done is to be done by the trustees." And Cotton, L. J., said : " The trustees here are the only persons who are dealing with the investments, and they are dealing, not as agents for some principal, but as trustees in whom the property and the management of it are vested, and who have the power of changing the investments and securities. That is just like the case which often occurs where the executors or trustees of a will are directed to carry on a business. The fact that they are to account to others for the profits made is a matter utterly immaterial as between them and those with whom they deal. They deal with those persons as the only persons contracting, and hold themselves out as personally liable. These persons have no right whatever as against the persons beneficially entitled." This case was one involving a " Trust." See also *dicta* to the same effect in Credit Mobilier *v.* Commonwealth, 67 Pa. St. 233 (1870).

These rules apply also to trusts whose property consists of shares of stock in corporations. A trustee of stock who is recorded on the corporate books as a stockholder is, at common law, liable on such stock, as though he were the absolute owner of the same. This is the rule, even though he is recorded on the corporate books not as an absolute owner, but as a trustee of the stock.* And the liability of the trustee is not limited by the amount of the trust property.† Each trustee is liable not merely for his proportion, but for the whole amount due upon the stock.‡

This liablity, moreover, may be a serious matter. It is a liability not only for any unpaid subscription price of the stock, but in most of the States there is a statutory liability attached to stock. The trustees of a "Trust" are liable as though they were the absolute owners of the stock.§

The *cestui que trust* is not liable on the stock held by the trustees. The corporation cannot hold him liable, neither can the corporate creditors. The

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* Chapman & Barker's Case, L. R., 3 Eq. 361 (1866); Davis *v.* Essex, etc., Soc., 44 Conn, 582; Bugg's Case, 2 Dr. & Sm. 952; Muir *v.* City of Glasgow Bank, L. R., 4 App. Cas. 337 (1879). See also Sales *v.* Bates, 6 East. Rep. 703 (R. I. 1886); Holt's Case, 1 Sim. N. S. 389 (1851); Mitchell's Case, L. R., 9 Eq. 363 (1870); King's Case, L. R., 6 Ch. 196 (1871); Grew *v.* Breed, 10 Metc. 569 (1846); Leifchild's Case, L. R., 1 Eq. 231 (1865).

† Hoare's Case, 2 John. & H. 229 (1862).

‡ Cunninghame *v.* City of Glasgow, L. R., 4 App. Cas. 607 (1879).

§ See Cook on Stock and Stockholders, Chs. 11, 12, 14.

cestui que trust cannot be held either on the unpaid subscription or on the statutory liability of the stock. He is a stranger to the corporation and its creditors.*

Frequently, however, the statutes of the State creating the corporation change these rules. In New York, by statute, trustees holding stock in railroad or manufacturing corporations are released from liability.† By the statutes of the United States a similar provision applies to National Banks.‡ These statutes, however, apply, of course, only to stock issued by corporations which have been incorporated by the government which enacted the statute.

But here the exemption of the *cestui que trust* ceases. He does not entirely escape liability. His exemption from liability to the creditors of the trust does not protect him from liability to the trustee. He is bound to indemnify the trustee and to repay to him any debts which the latter may have paid in the administration of the trust.§ The indemnity

* Mitchell's Case, L. R., 9 Eq. 363; *Ex parte* Bugg, 2 Drew & Sm. 452 (1865); Williams's Case, L. R., 1 Ch. Div. 576; King's Case, L. R., 6 Ch. App. 196 (1871); Fenwick's Case, 1 De G. & Sm. 557 (1849); Newry, etc., Co. *v.* Moss, 14 Beav. 64.

† Laws of 1850, Ch. 140, § 11; Laws of 1848, Ch. 40, § 13.

‡ R. S., § 5152.

§ Butler *v.* Cumpston, L. R., 7 Eq. 16 (1868); James *v.* May, L. R., 6 H. of L. 328 (1873); *Re* National Financial Co., L. R., 3 Ch. 791 (1868). Perry on Trusts, §§ 485, 486.

In the case of Jervis *v.* Wolferston, L. R., 18 Eq. 16 (1874), the

which the trustee may claim from him cannot be denied on the ground that the trustee is irresponsible, and consequently that the corporation cannot

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court said, in enforcing indemnity to the trustees of stock: "I take it to be a general rule that where persons accept a trust at the request of another, and that other is a *cestui que trust*, he is personally liable to indemnify the trustees for any loss accruing in the due execution of the trust; and under that doctrine I shall hold that the estate of the testator becomes liable to indemnify the trustees against the payment of this large sum of money."

Hemming *v.* Maddick, L. R., 7 Ch. App. 395 (1872), where the court held also that the trustee might authorize the corporation to use the trustee's name and collect from the *cestui que trust.* In Hughes *v.* India, etc., Co., L. R., 22 Ch. D. 561 (1882), it is held that the trustees cannot sue for indemnity before the corporation has demanded payment."

See also Phene *v.* Gildan, 5 Hare, 11 (1845), where a mortgager of stock was held liable to indemnify the mortgagee, who had been held liable on the stock. The court said the mortgager was liable the same as a "trustee of leasehold property under covenants for the benefit of a *cestui que trust.*"

In Balsh *v.* Hyham, 2 P. Williams, 453 (1728), the Lord Chancellor said that "it is a rule that the *cestui que trust* ought to save the trustee harmless as to all damages relating to the trust," and consequently that the *cestui que trust* must repay to the trustee money borrowed by the latter and given to the *cestui que trust*, the trust consisting of stock which was pledged to secure the loan; app'd in *Ex parte* Chippendale, 4 De G. M & G. 19, 54 (1854).

Lindley on Partnership, pp. 758, 759, says: "The right of a trustee to indemnity from his *cestui que trust* very closely resembles the right of an agent to indemnity from his principal. . . . A trustee is clearly entitled to be indemnified out of the trust property against all costs, charges, and expenses properly incurred, and against all losses sustained by him in the execution of his trust; and if the trust property is not sufficient for the purpose of

get anything from him.* But until the trustee is actually called on by the corporation to pay, he cannot compel the *cestui que trust* to give indemnity.†

All this liability, however, of the *cestui que trust* may be avoided. If the trustees are willing to provide in the trust instrument that the *cestui que trust* shall not be liable, such a provision is legal and effectual. The *cestui que trust* then escapes liability absolutely and completely.‡

But is there any way by which the trustee may attempt to avoid the liability on stock? There is but one, and that is futile. He may resort to a "dummy," that is, a man of straw, an irresponsible person. Stock is often placed in the name of a

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indemnifying him in respect of such matters, his *cestui que trust*, if under no disability, is personally liable to indemnify him, unless such liability is excluded by some special circumstance. . . . If there is an express covenant to indemnify, the obligation will be limited by the covenant."

* *In re* National Financial Co., L. R., 3 Ch. 791 (1868); Cruse *v.* Paine, L. R., 6 Eq. 641 (1868).

† Hughes-Hallett *v.* Indian, etc., Co., L. R., 22 Ch. D. 561 (1882).

‡ Thus *Ex parte* Chippendale, 4 De G. M. & G. 19, 52 (1854), the court says, in a *dictum*: "No doubt a company's deed, or any other deed, may be so formed as to deprive directors or trustees of the right to indemnity, and, if parties think proper to accept directorships or trusts under deeds so framed, they must abide by the consequences."

See also Gillan *v.* Morrison, 1 De G. & Sm. 421 (1847), holding that an express agreement that the *cestui que trust* shall be liable to the trustee to a certain extent and no more, is binding on the trustee.

"dummy" by men who subscribe for or buy stock, and do not wish to be subject to the liability of a regular stockholder. The "dummy" is generally a relative, a child, an agent, an employé, or a friend. The real owner supposes that he thereby escapes liability. And so he does, if he can conceal the fact that he is the real owner of the stock. But if he is discovered then he is liable. The corporation or the corporate creditors may reach him. The "dummy" is an agent, and the real owner is the principal. The agent is liable, and so is the undisclosed principal. The device to escape liability fails. Chief-Justice Waite, of the Supreme Court of the United States, clearly established this principle of corporation law in the year 1879.*

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* Davis *v.* Stevens, 17 Blatch. 259 (1879), where the question was, "Whether, in an action at law, by a receiver of the bank, the real owner of stock in a national bank, standing by his procurement, in the name of another, and *never having been in his own name on the books*, can be charged, as a shareholder, with the statutory liability for debts?" Held that the real owner is liable. "Every principal is responsible for the obligations of his agency. The debt of the agent is the debt of the principal, and always recoverable from the principal." See also to same effect Case *v.* Small, 10 Fed. Rep. 722 (1881); Castleman *v.* Holmes, 4 J. J. Marsh, 1 (1830). In England, under its statutes, a different rule prevails. See King's Case, L. R., 6 Ch. App. 196 (1871); Williams's Case, L. R., 1 Ch. D. 576; Fenwick's Case, 1 De G. & Sm. 557 (1849); Cox's Case, 4 De G. J. & S. 53 (1863). See also Cook on Stock and Stockholders, Ch. 14. The real owner of stock is likewise liable where he transfers it from his own name to that of an irresponsible person. *Idem.*, § 265.

QUALIFICATIONS, POWERS, RIGHTS, AND DUTIES OF THE MANAGERS AND CERTIFICATE-HOLDERS OF A "TRUST."

Any person may serve as a trustee, provided that person is competent to take the legal title to the property.*

The trustees of a "Trust" correspond somewhat to the directors of a corporation. They generally are elected annually by the certificate-holders in a regularly called meeting of themselves. The instruments creating the "Trust" usually provide for the election of trustees, and for their succession and term of office. There is nothing in the old law of trust estates which forbids this change of trustees.†

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* Perry on Trusts, § 39.

† "The person who creates the trust may mould it into whatever form he pleases; he may therefore determine in what manner, in what event, and upon what condition the original trustees may retire and new trustees may be substituted. All this is fully within his power, and he can make any legal provisions which he may think proper for the continuation and succession of trustees during the continuation of the trust."

Perry on Trusts, § 287.

In England, under the Vesting Acts, the court held that it had power to vest the estate of a modern "Trust" in new trustees, where one of the old trustees was dead, another was insane, and under the trust agreement the certificate-holders had elected new trustees. *In re* Siddall, L. R., 29 Ch. D. 1 (1885). A similar power was given to trustees of personal property in New York, by Ch. 185, L. 1882. As regards the common law rules and powers of the courts herein, see Perry on Trusts, §§ 356, et seq.

At common law upon the death of the surviving trustee, his ex-

Where by the trust deed a majority of the *cestuis que trust* have power to fill a vacancy caused by the incapacity or inability of the trustee, they may substitute a new trustee, when the old trustee removes to and becomes a resident of a foreign country.*

The extent of the powers of the trustees of a "Trust" is a matter of great interest to the public

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ecutor or administrator became the trustee. Boone *v.* Citizens' Bk., etc., 84 N. Y. 83, 87 (1881); De Peyster *v.* Beekman, 55 How. Pr. Rep. 90 (1877).

In the Cost-Book Company Case of Johnson *v.* Goslett, 18 C. B. 728 (1856), the following provision appears: "The trustees of the said lease shall, when and if required by the directors, execute a deed declaring that they hold the said mine under and by virtue of such lease as trustees for the benefit of the shareholders in the said company, according to their respective shares and interests therein; and if any or either of the said trustees, or any future trustees, shall resign, or die, or become incapable or unwilling to act, then new trustees or a new trustee may be appointed by any of the general meetings of shareholders hereinafter provided for, in the place of the trustees or trustee so resigning, or dying, or becoming incapable or unwilling to act as aforesaid, and the said premises shall be forthwith assigned to and vested in the said new trustee or trustees jointly with the continuing trustee or trustees, or in such new trustees only as the case may require at the expense of the said company."

* Farmers' Loan & Trust Co. *v.* Hughes, 11 Hun. 130 (1877). In this case the deed of trust provided that the trustees or their survivor might be removed by the vote of a majority, in interest of the holders of the bonds referred to in the trust deed, at any meeting called for that purpose; and, further, by a separate and distinct provision, that in case of the death, removal, resignation, incapacity or inability of both or either of said trustees to act in the execution of the trust, then a majority of the holders of such bonds

and the certificate-holders. Especially is this the case since the extent of the trustees' powers is kept a secret from all except the favored few. Not even the certificate-holders are allowed to examine and know the contents of the trust instrument which defines the powers of the trustees. It is true that the law guards jealously against any assumption of powers by the trustee beyond those which are expressly conferred by the trust instrument.* But it is also true that the law allows a grant to the trustees of any powers which the creators of the trust may see fit to confer. Strict limitations, such as are imposed upon corporations, are avoided by the "Trust." The dangerous rules of *ultra vires* acts—rules which check and frighten corporations—have no terrors for the "Trust." It practically is free and irresponsible. Its powers are limited only by the wealth, the daring, the ambition, the moral restraints, and the intellectual force of its promoters and manipulators. It is a power that becomes a despot, and it is a despot well fitted to control or destroy, as serves its policy best.

There are other incidents which explain the position of the trustee. He may sue and be sued in

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might designate and select, in writing, one or more competent persons to fill the vacancy so occurring.

The property may be made to vest in new trustees without transfer, if the trust instrument is so drawn.

Perry on Trusts, § 284.

* Perry on Trusts, §§ 454, 460.

his own name on all matters and contracts pertaining to the trust.*

He is not liable to the *cestui que trust* for losses incurred by his management of the property of the trust. He is bound merely to exercise ordinary discretion and obey the directions of the instrument creating the trust. It is only for a breach of trust that he may be made to account to the *cestui que trust*.†

In the case of the modern "Trust" it has been doubted whether the consent of all the trustees is essential to its contracts and acts, as is the case with the old common law trust.‡ But, in general, these matters are regulated and provided for by the instrument which creates the "Trust."

The compensation of the trustee is usually fixed by the trust deed. If not it falls within the provi-

* In this respect the trustee is not the same as the director of a corporation. "A trustee is a man who is the owner of the property, and deals with it as principal, as owner, and as master, subject only to an equitable obligation to account to some persons to whom he stands in the relation of trustee, and who are his *cestuis que trust*. . . . The office of director is that of a paid servant of the company. A director never enters into a contract for himself, but he enters into contracts for his principal, that is, for the company of whom he is a director and for whom he is acting. He cannot sue on such contracts nor be sued on them unless he exceeds his authority. That seems to me to be the broad distinction between trustees and directors." Smith *v.* Anderson, L. R., 15 Ch. D. 247 (1880).

† Simonton *v.* Sibley, 122 U. S. 220 (1887).

‡ Mills *v.* Hurd, 29 Fed. Rep. 410 (1887).

sions of the statutes, or a reasonable compensation is allowed by the common law.*

The property of the "Trust" cannot be seized for the individual debts of the trustee,† but the interest of the certificate-holder may be reached so as to subject it to the payment of his debts.‡

The trust property, where it consists of personal property, in the nature of bonds, stocks, notes, or evidences of indebtedness, or corresponds to the capital stock of a corporation, may be taxed at the place where the main office or place of business of the "Trust" exists. The extent of the taxation depends, of course, upon the statutes of the State wherein the tax is laid.§

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* Perry on Trusts, § 917.

† Gibson *v.* Stevens, 7 N. H. 352 (1834), where a trustee was authorized to continue the testator's business. The property was held not subject to the trustee's personal debts.

‡ It can be reached, doubtless, just as the bonds of a bondholder under a railroad mortgage or trust deed may be reached. As to the rule at common law, see 2 Albany L. Journal, 261, 288. In New York, by statute, all transfers of personal property made in trust for use of the person making the same, are void as against his creditors existing or subsequent. 2 R. S. 135, § 1 (7th ed., p. 2327 and cases there cited). See also Graff *v.* Bonnett, 31 N. Y. 1, 14, 18.

§ Ricker *v.* American Loan & Trust Co., 140 Mass. 346 (1885). See also People *v.* Assessors, etc., 40 N. Y. 154 (1869); *In re* County of Washington *v.* Estate of Jefferson, 28 N. W. Rep. 256 (Minn. 1886), citing many cases on this subject; cf. People *v.* Smith, 88 N. Y. 576 (1882), holding that a resident of New York is not taxable on securities in the hands of his agent outside of the State, and secured by mortgages on lands outside of the State. It

There is more difficulty in determining whether a certificate-holder may terminate his interest in the "Trust," and demand his proportion of the property. In certain "Trusts" whose property consists of shares of stock he undoubtedly may.* But a single certificate-holder cannot have the whole "Trust" dissolved and wound up before the time fixed by its trust agreement for its dissolution has arrived.†

If the "Trust" itself is forbidden by the statutes of the State wherein it exists, it never will be wound up by the courts. The law will not compel a trustee to account for property or transactions which grow out of a contract which is prohibited by statute. The courts leave the parties where they are found. They are outside of the protection of the law.‡

If, however, the "Trust" is legal it may be terminated at any time by a decree of a court, upon

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is well settled in New York State that under its statutes no shares of stock in either domestic or foreign corporations are subject to taxation except shares of stock in national banks. See Cook on Stock and Stockholders, § 565.

* See p. 32 *supra*.

† Smith *v.* Anderson, L. R., 15 Ch. D. 247 (1880). The same rule prevails in unincorporated joint-stock associations. See Smith *v.* Virgin, 33 Me. 148 (1851). See also Waterbury *v.* Mercantile, etc., Ex. Co., 50 Barb. 157 (1867), holding that such a company will not be wound up merely because the directors have been guilty of a breach of trust.

‡ *In re* Padstow, etc., Co., L. R., 20 Ch. D. 137 (1882).

the consent of all the parties who are interested in it.* But a "Trust" will not be dissolved and wound up merely because the trustees have been guilty of a breach of trust. The remedy in such a case is to enjoin or remove the trustees.† Where, however, the trust is insolvent and incapable of proceeding, a dissolution and winding up of its business will be decreed by a court.‡

It is a question whether a receiver can be appointed to take the trust estate out of the hands of a trustee. A receiver of a "Trust" probably would be appointed only in cases where a receiver would be appointed of property held and invested by an executor or administrator. In the latter case the law is settled that a receiver is appointed only when there is danger of loss or injury to the property arising from the waste, misconduct, incapacity, or insolvency of the executor or administrator.§

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* Perry on Trusts, § 920. † *Ibid.*, §§ 816–853.

‡ See Baring *v.* Dix, 1 Cox, 213; Bailey *v.* Ford, 13 Sim. 495; Jennings *v.* Baddeley, 3 K. & J. 78, where insolvent copartnerships were wound up, though the time for which they were to exist had not yet expired. See also Sieghortner *v.* Weissenborn, 20 N. J., Eq. 172; Howell *v.* Harvey, 5 Ark. 270; Van Ness *v.* Fisher, 5 Lans. 236; Brien *v.* Harriman, 1 Tenn. Ch. 467; Halladay *v.* Elliott, 8 Oreg. 84; Bagley *v.* Smith, 10 N. Y. 489.

In Sibley *v.* Minton, 27 L. J. (Eq.) 53 (1858), the court held that in an action by an adventurer in a cost-book mining company, to wind up the company and adjust the losses, all the coadventurers were necessary parties.

§ See Beach on Receivers, § 596.

POPULAR OPPOSITION TO "TRUSTS."

The American people have become alarmed at the growth of "Trusts." The Standard Oil Trust and the American Cotton Oil Trust have sown their seed in a fertile soil, and the rank growth is to-day polluting the air and stifling the existence of healthy life and progress. It is currently reported and believed that the "Trust" monopolies have drawn within their grasp not only kerosene-oil and cotton-seed oil, but sugar, oatmeal, starch, white corn-meal, straw paper, pearled barley, coal, straw board, castor-oil, linseed-oil, lard, school slate, oil-cloth, salt, cattle, gas, street railways, whiskey, rubber, steel, steel rails, steel and iron beams, nails, wrought-iron pipes, iron nuts, stoves, lead, copper, envelopes, paper bags, paving pitch, cordage, coke, reaping and binding and mowing machines, threshing machines, ploughs, glass, and water works. And the list is growing day by day. Millions of dollars, in cash or property, are being drawn into the vortex.*

The fabulous profits which flow from an absolute "Trust" have dazzled the minds and set on fire the imagination of men. Manufacturers are rushing into the maelstrom. They are staking their fortunes

* "The anthracite coal combination of Pennsylvania, one of the most remarkable monopolies in the United States, comprises six railways, which own 195,000 acres of anthracite coal land out of a total of 270,000 acres."—*Richard T. Ely, in Harper's Magazine*, July, 1886. p. 255.

on the venture, and, in their dreams of the future, they see a rich and golden stream of wealth rewarding their daring plans.

They reason well and ably. Cheaper production is to result; multitudes of officers are to be dispensed with; superintendents, travelling salesmen, and expensive advertisements are to be diminished; raw material is to be purchased more cheaply; the highest order of administrative ability is to be procured; inventions are to be encouraged and used; overproduction is to be prevented; permanency of employment is to be ensured; more certain returns on capital are to be guaranteed; insolvencies, resulting from competition, are to disappear; production on a large scale is to decrease the cost thereof; large and new enterprises, requiring great capital, great risk, and great powers of administration are to be undertaken; and, finally, they argue within the secrecy of their conclave that the public is at their mercy, and that prices may be advanced. Silently, rapidly, and successfully their schemes are being consummated. No shock from the outer world has disturbed the progress of their plans.

But, in the mean time, what is becoming of the interests of the people? Who is sustaining their rights and advocating their cause? To whom are the people to look in the contest that is about to come? This is to be no insignificant struggle. On the one side are untold wealth, far-seeing management, splendid talents, unscrupulous methods,

and that insatiate greed for gain which has little regard for the law of the land. On the other, are the decisions of the courts, the slow and silent but unalterable determination of the people, the legislative bodies, the great and natural laws of competition, and, most of all, a free, a fearless, and an independent press. The courts may be defied, legislative bodies may be corrupted, all other avenues of expression of the rights and wrath of the people may be suppressed, and yet the contest will go on. From the daily and weekly press of the country there will come a stormy advocacy of the people's rights which cannot be defied or suppressed or conquered. It is the reflector of public opinion. It is the medium of the voice of the people, and the unerring index of the thoughts and feelings and will of the masses.

And it is a formidable indictment which the people, through the press, have brought against the "Trust." It is neither a corporation nor a well-defined common-law trust; it avoids the checks and safeguards which a wise public policy has thrown around corporate acts; its articles of agreement are secret and jealously guarded even from the investor himself; no charter or statements need be filed for public inspection; no reports need be made or published; it may carry on any business it desires; the principles of *ultra vires* acts do not check it; no limit is placed by statute on its capital stock; no law prevents an increase or decrease of its trust certificates; no qualifications are prescribed for its

trustees; no tax is laid on its charter or fr
or capital stock; no limit is placed by th
on the powers and discretion of its trust
publicity is given to its acts. It may mo
State to State; it may evade taxation, and
powers of courts; it wields vast sums of mo
cretly, instantaneously, and effectively to acc
its nefarious ends; and it does all this, not
advancement of the community and the nat
for purposes of extortion and for the annihil
independent firms.

Nor is this all. A monopoly has ever been
oppressive, and a thing of hatred. It raises
persecutes those who refuse to come into t
bination; crushes out competition; puni
ruins single independent producers; low
price paid for raw material; restricts prod
forces iniquitous bargains with railroads;
with legislative bodies, and renders fair com
impossible. All this is done, not by hc
methods, but by threats, fear, dishonesty,
and discrimination;—even fraud and crime ha
charged. The idea is made prevalent that ur
lous methods and evil ends are justified, p
they are successful. It is difficult for the ad
of monopoly to find argument to support thei
Nearly three centuries ago, as already sai
Coke, in the famous "Case of the Monopc

* 11 Coke, 84.

spoke truly when he said that there were three inevitable results of monopoly: "(1) That the price of the same commodity will be raised; (2) that the commodity is not so good as before; (3) that it tends to the impoverishment of divers artisans, artificers, and others."

Nor is this the end of the indictment of the "Trust." It is a monopoly, and the most cruel, the most harsh, and the most detestable of all monopolies. It presses hardest on those who are least able to pay its exactions. It is a grievous burden, which is borne, not by the rich and the powerful, but by the poor and the weak. It is a monopoly in the necessaries of life, in those things which render possible the daily existence of the farmer, the mechanic, and the laboring man. In the item of sugar alone it is estimated that the increase already made by the "Trust" in prices will net to the "Trust" a profit of over thirty million dollars a year, in addition to the old profits which were made before the "Trust" was organized.*

This monstrous exaction falls heaviest upon him who works for his daily sustenance. The railway, in its excessive rates for traffic, presses only lightly and indirectly on those who are unable to use it. The telegraph affects but little the masses of the people.

* New York *Times* for February 20th, 1888. Over five columns of that issue of this great metropolitan journal was devoted to the exposure of the wonderful increase and growth of the modern "Trust." See also the New York *World* of February 21, 1888.

The telephone is a luxury which the toiling n
cannot afford. But a monopoly in that wh
plain people consume day by day, that whic
eat and wear and use in their daily toil, is a
strous wrong. It is a wrong which never ha
and never will be endured by an English-sp
people. It presses upon the source of the n
wealth, integrity, character, intelligence, gre
and guarantees of permanency. It affects tho
send forth the men and women by whom, in tl
generation, the business, government, and p
of America will be carried on. The " Trust'
the money of those whose earnings are used
struggle for a living, in the common-school
tion of their children, and in the small accumu
which are laid by for sickness and old age.
monopoly which will be a blight upon the
It has arisen for the first time in American h
It is a repetition of the historic English st
between the people and monopolies granted
crown on the necessaries of life—struggles
the people successfully waged when Elizabet
again, when Charles the First ruled the king
England. In those days the monopolies
down in the contest. What is to be the re
America?

THE FUTURE OF THE " TRUST."

The contest between the people and " Tru
beginning. The forces arrayed on either sid

tell a desperate struggle. The Standard Oil Trust, by itself alone, has thus far pursued its way unconquered and unimpeded. And now it is re-enforced by many powerful allies. The "Trust" seems to be all-powerful, and it is becoming the despot, the dictator of trade. Its wealth mounts into the hundreds of millions of dollars. It employs tens of thousands of men. Its powers are not limited by charter nor public opinion. Its movements are secret, silent, unerring, and all-powerful. It ramifies into all branches of industry. It reduces the price of raw material, which it purchases, and raises the price of the finished product, which it sells. It ignores the newspaper press, and has effective methods of dealing with legislatures. In the struggle that is at hand, the "Trust" relies upon its capital, its secrecy, its unscrupulous talent, its fearlessness, and its concentrated power.

And yet all these will not avail it.

A "Trust" cannot succeed unless it can practically crush out competition. It must compass the country or give up the struggle. Competing concerns, content with reasonable prices, will supply the market. Unless the "Trust" is absolute, it is a body without bones, a machine without motive-power. And even after it becomes absolute it is never safe. Its vast profits are a tempting prize, to be contended for by the wealth and enterprise of all men. Capital, ever ready to make daring ventures in the hope of great returns, is a power

dangerous and unceasing in its menace to the "Trust."

And there is another factor, great and growing, which the "Trust" has not yet met. Competition and capital may be subdued throughout the length and breadth of the land. A system of laws may be retained on the statute-book which will exclude the foreign competitor. But when these statutes are repealed, and when the wall which shuts out foreign competition is thrown down, then there comes a competition which cannot be controlled. A world-wide "Trust"—a "Trust" embracing all lands and all peoples, is yet to be seen. It may be attempted, but it is yet to be proved a possibility. The "Trust" of America may destroy competition at home, but how is it to meet the competition from abroad? It is beginning to dawn on the American people that the exclusion of foreign competition is the cause as well as the safety of the American "Trust." It is found in no other land,* and the beneficent workings of international trade will sound the death-knell of the American "Trust."

But there yet remains an antagonist of the "Trust" more formidable than all the others. And the "Trust" will not prevail. It will go down in the struggle against the instincts, self-reliance, and fertile intellect of a race of men who for five hun-

* The widely advertised French "Trust" in copper is still an experiment rather than a fact.

dred years have come to no compromise with monopoly. Even Queen Elizabeth bent to the indignation of the English House of Commons and repealed the monopolies which she had granted on iron, coal, oil, vinegar, lead, starch, yarn, leather, and glass.* One of the chief grievances that sent Charles the First to the block was his creation of monopolies.

Sir John Culpepper, in a speech in the Long Parliament, thus spoke of monopolies and "pollers of the people": "They are a nest of wasps—a swarm of vermin which have overcrept the land. Like the frogs of Egypt, they have gotten possession of our dwellings, and we have scarce a room free from them. They sup in our cup; they dip in our dish; they sit by our fire. We find them in the dye-fat, wash-bowl, and powdering tub. They share with the butler in his box. They will not bate us a pin. We may not buy our clothes without their brokage. These are the leeches that have sucked the commonwealth so hard that it is almost hectical." This speech, quoted by counsel in his argument in the Slaughter House Cases,† was made at a time when

* See Macaulay's "History of England," vol. i., p. 58.

† 16 Wall. (U. S.) 47 (1872), sustaining the validity of a statute of the State of Louisiana, which gave to certain corporations a monopoly of the slaughtering business in the city of New Orleans. The statute was justified as a health measure. These grants of monopolies by legislatures have not been favored by courts. They

monopolies existed concerning wine, coal, s starch, the dressing of meats, beavers, belts, bc lace, leather, pins, and other necessaries, and eve the gathering of rags.

It has been truly said that most of the great E lish struggles for constitutional liberty have gr out of unjust exactions of money from the peo The mutterings of discontent started and grew f deep down among the yeomen, the mechanics, the laboring men. The same causes that wer work then are at work now. The storm is brew It will be wise for those who are in its pathwa beware.*

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are not extended beyond what clearly is given. Thus an excl right to light a city with gas does not prevent the city from a ing an electric light company to light the streets. Saginaw Light Co. *v.* City of Saginaw, 28 Fed. Rep. 529 (1886); and a clusive right to run street cars does not enable a party to pr a grant to a cable railway company. Omaha Horse Ry. C Cable Tramway Co., 30 Fed. Rep. 324 (1887).

* It is a difficult, delicate, and dangerous task to frame a st which will suppress and prevent "Trusts," and which will n terfere with legitimate business. Statutes regulating or restri trade are more often wrong than right. And yet this evil s be remedied. Already the movement has begun. A bill pr iting combinations in trade has been introduced by the Tam Hall organization in the Senate and Assembly of the State of York. This bill is a step in the right direction. If it should be a law, and should not be radical enough for a cure, then it w well to prohibit the issue, sale, or purchase of trust certifi and prohibit, also, with a few exceptions, the placing of sha stock in the hands of trustees.

As to the constitutionality of such a statute there can be b

When the railway in England and America showed itself to be a monopoly, by reason of the enormous expense and loss incurred in paralleling it, and when the railway began to insist on the exactions of a monopoly, there came a popular uprising. In England, for fifty years, policy after policy was tried and abandoned, until now the system of private ownership and governmental regulation of rates and accommodations has become firmly established. In America the Granger laws, regulating rates,* were

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tle doubt. Cooley on Constitutional Limitations, 5th ed., p. 743. Tiedeman on Police Powers, p. 251. Munn *v.* Illinois, 94 U. S. 113 (1876), sustaining the Granger laws; People *v.* Arensberg, 105 N. Y. 123 (1887). sustaining the oleomargarine laws and distinguishing People *v.* Marx, 99 N. Y. 377 (1885), which overthrew the tenement-house cigar act. See also the late case (U. S. S. C., January, 1888) sustaining the Kansas prohibitory statute, and Greenhood on Public Policy, p. 658, etc.

* About the year 1870 the railroads in the Western States became so exacting, arbitrary, and oppressive in their treatment of the public that several of the Western States passed radical statutes materially reducing railroad charges. The railroads contended that the statutes were unconstitutional, as impairing the obligation of a contract. The cases went to the Supreme Court of the United States, and that court decided that the statutes were constitutional and valid. These cases came to be known as "The Granger Cases," and this term, which at first was one of reproach, is now deemed a recognition of the farmer influence, in curbing that which at that time was an oppressive monopoly. These cases had a great and far-reaching influence in their limitation of the application of the Dartmouth College Case, which decided, in 1819, that the charter of a corporation is a contract which cannot

followed by a discussion which here, too, has led to governmental restriction of the railway monopolist powers. And the same national characteristic which sustained Jackson in his overthrow of the old United States Bank can be relied upon to deal with the modern "Trust." There can be no compromise between a monopoly and an Anglo-Saxon people. They have never existed together. The modern "Trust" has yet to meet this tendency of the race. It may spring into power and high position. Like the Standard Oil monopoly, it may accumulate millions of money, destroy hundreds of competitors, and defy the press, the Legislature, the courts, and all the avenues of expression of the popular will; but sooner or later it will feel the heavy hand of the people laid upon it, and when that time

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be impaired by the State. Charles Francis Adams, Jr., in his work on Railroads, pp. 127, 128, says: "Of the Granger episode little now needs to be said. That it did not originate without cause has already been pointed out. It is quite safe to go further and to say that the movement was a necessary one, and through its results has made a solution of the railroad problem possible in this country. At the time that movement took shape the railroad corporations were, in fact, rapidly assuming a position which could not be tolerated. Corporations, owning and operating the highways of commerce, claimed for themselves a species of immunity from the control of the law-making power. . . . They had thoroughly got it into their heads that they, as common carriers, were in no way bound to afford equal facilities to all, and, indeed, that it was in the last degree absurd and unreasonable to expect them to do so. The Granger method was probably as good a method of approaching men in this frame of mind as could have been devised."

comes it will come with a power that cannot be withstood. There will be no trace of the monopoly left.

Such will be the result, or I mistake the character of the American people.

APPENDIX A.

THE NEW YORK INVESTIGATION.

THE Senate of the State of New York in February, 1888, appointed a Committee to investigate the character and workings of the numerous "Trusts" which have recently sprung into existence. The Committee commenced its work on February 21st and continued it until February 29th, the time having been limited to that date. Under the skilful management of its counsel, Col. George Bliss and Gen. Roger A. Pryor, a precious assortment of schemes and devices was unearthed. Upon adjournment the chairman of the Committee said, with much reason, "In this work 'Alps upon Alps arise.' The Committee can see now that Trust upon Trust arises, and that if it stayed to finish its work, it would have to take up its residence permanently in this city." The results of this investigation are interesting and instructive. They constitute the remaining portion of this work.

THE STANDARD OIL "TRUST."

THE Standard Oil Trust was created in January, 1882. It is not a Corporation, but consists of nine Trustees, who

hold the shares of stock of many Corporations, and who issue to individuals Trust Certificates representing an interest in those shares of stock. It was formed by various individuals transferring to the Trustees shares of stock and receiving in payment therefor these Trust Certificates. This enables the Trustees to elect the Directors of the Corporations, and thereby control them. The Trust Agreement itself and the list of Corporations controlled by the Trustees are given at length in subsequent parts of this work. The Limited Partnerships therein referred to are under the Pennsylvania law, and practically are corporations. The Trustees have issued $90,000,000 of Trust Certificates, and since each Certificate is worth $165 on the market to-day, the real capital of the Trust is $148,500,000. Twenty million dollars of this $90,000,000 was created in 1887 by a certificate dividend, corresponding to a stock dividend. The Trust has declared a dividend every three months since it was organized. In 1887 the dividend was ten per cent. Thirty million dollars of the Trust property consists of Pipe Line Companies for the transfer of oil. The profits of the Trust during the past year were about $20,000,000. The Trust has in its employ some 25,000 men. It refines about seventy-five per cent of all the oil which is refined in this country. About 100 concerns compete with it, and the Tide-Water Pipe Line competes with it in transferring oil from the wells to New York City. There are about 700 Trust Certificate holders, but its Trustees hold and own personally a majority of these Certificates. These Trustees all live in New York. They are Charles Pratt, Henry M. Rogers, H. M. Flagler, Benjamin Brewster, J. N. Archbold, William Rockefeller, W. H. Tilford, and John D. Rocke-

feller, and there is one vacancy. One of the Trustees is President or Director in nearly all of the Corporations whose stock the Trustees hold. The only property held or owned by the Trust or Trustees is the shares of stock of these various Corporations. The oil tank cars used on the railroads are owned by one of the Corporations—the Standard Oil Company of Ohio. Some of the Corporations are interested in natural gas. The present Trust was formed to unite and take the place of several smaller Trusts, which the same parties controlled previous to 1882, and which began in 1869. The Trustees are the autocrats of this vast business, and they have an interesting method of transacting business. The only record kept of their proceedings is an entry made that the minutes of their proceedings were read and approved. The minutes themselves are then destroyed, and no track or trace is left of what those proceedings were. John D. Rockefeller testified truly when he said of his associates, "They are as bright and able a company of men as ever engaged in an enterprise."

THE SUGAR "TRUST."

THE American people consume over 2,800,000,000 pounds of sugar a year. About eighteen per cent of the sugar consumed in America goes direct from the Louisiana producer to the consumer. An import duty of eighty-three to eighty-nine per cent excludes foreign refined sugar, but an import duty of eighty-four per cent does not keep out foreign raw sugar. This raw sugar is refined in this country by many refineries.

In October, 1887, most of the refineries, including all the New York and Jersey City refineries, four in Boston,

one in Portland, two in New Orleans and one in St. Louis, representing altogether eighty-five per cent of the sugar refining business, formed a combination, or "Trust." The remaining refineries, being two in San Francisco, two in Philadelphia, one in Boston and one in St. Louis, representing altogether fifteen per cent of the business, did not take part. The "Trust" was not incorporated, but was called the Sugar Refineries Company. The mode of its formation was the same as that of the Standard Oil Trust and Cotton-Seed Oil Trust. Each separate refinery was incorporated; all the stock of these various corporations was turned over to Trustees, and the Trustees issued Trust Certificates in payment for the stock. This placed all the corporations, hence all the refineries, in the hands of the Trustees. The Trustees could elect the directors of the corporations, and thus place themselves or trusted agents in charge. The Trust Certificates are largely "water," and their par value is three or four times greater than the par value of the stock held by the Trustees. The amount of Trust Certificates may be increased by a majority vote of the certificate-holders. Twice has an increase been made already, and $45,000,000 of Trust Certificates are now out. Since the Trust was formed, the production of refined sugar has decreased. By order of the "Trust," two refineries in Boston have been closed, two in New York, two others have been temporarily shut down, and still others have had their production decreased one fourth. Refined sugar has advanced in price from three fourths to one cent a pound since the "Trust" was formed. Refined sugar was worth in February, 1887, 5.93, but in February, 1888, was worth 6.88. The average price of granulated sugar in 1887 was six cents, but the average price during

January, 1888, was seven and one sixteenth cents.
tion has practically disappeared. The San Franci
rarely gets farther east than the Missouri River, :
competes east of Chicago. The object of the "
frankly stated to be "to limit the production."]
meyer, the great refiner and leader of the "Trus
that refined sugar in America costs the consumer
and five eighths cents a pound more than in E
about ten dollars a barrel.

THE AMERICAN COTTON-SEED OIL "TR

FORTY years ago the seed of the cotton plant w
ered useless. It was refuse, and was a nuisan
planter. Gradually, however, its value was disco
cotton-seed is now made to produce cotton-see
illuminating oil for mines, a lubricating oil, s
and cake, "lard," and "olive oil." About 70
of seed were crushed last year. A ton of cotton
duces about forty-five gallons of oil.

Previous to 1884 the crushing of cotton-see
refining of the oil were carried on by many comp
porations and individuals. In the fall of 1884, i
of Arkansas, a combination of a majority of the
tories was formed. It was called the American C
Oil Trust. All of the manufactories were incorpo
the shares of stock of these various corporations w
over to certain persons, called "Trustees." Th
paid for such stock by issuing Trust Certificates
means the Trustees receive all the dividends in th
stock, and use these dividends to declare divide
Trust Certificate holders. Accordingly, a holder

Certificate has an interest in all the stock held by the Trustees. The "Trust" is not incorporated. Between seventy and eighty corporations, chiefly in the Southern States, were included in it. As new corporations were taken into the "Trust," new Trust Certificates were issued to pay for the stock. At present 417,000 certificates of $100 each have been issued, representing a nominal capital of $41,700,000. These certificates are dealt in as a speculative stock in Wall Street. The market price now of a certificate is about $31, but it has been as high as $65. The par value of all the Trust Certificates is about three times greater than the par value of the stocks held by the "Trustees;" in other words, the Trust Certificates are largely "water." The "Trust" does not confine itself to cotton-seed oil. It owns lard manufactories, and uses cotton-seed oil to "improve hog lard." It has had contests with other lard manufacturers. It absorbed the Fairbanks lard manufactory, and made concessions to the Armours, in regard to the price of cotton-seed oil. The "Trust" has closed some manufactories on account of their location and construction. It has made but one dividend. In 1887 it declared a four per cent dividend, to be paid in instalments of one per cent quarterly. The first instalment was paid; the others were not, but were revoked. The market value of the Trust Certificates fluctuated greatly thereby, and much speculation was rampant. Persons bought Trust Certificates, expecting the dividend, but they did not get it. There is at present a large amount of money in the treasuries of the various corporations, which the "Trust" can obtain at any time.

In the suit of the Attorney-General of Louisiana against the "Trust," he alleges that it has reduced the price of

cotton-seed from $7 to $4. Last year the Trust turned out about $25,000,000 of products, and it crushed 530,000 tons of the 700,000 tons of seed crushed during the year. It will crush 100,000 more tons this year than it did last. There are less cotton-seed oil mills in operation now in the country than there were when the "Trust" was organized. The "Trust" has its office and holds its elections in New York City, and its Trustees—nine in number—are elected by the certificate-holders, three each year, and hold office for three years.

THE ENVELOPE "TRUST."

THE chief manufacturers of envelopes have formed a combination, or "Trust." Their mode of organization is peculiar. In 1887 they organized a corporation in Massachusetts, called the Standard Envelope Company, with a capital of $5100. This corporation does not manufacture, buy or sell envelopes, but it fixes the price at which the combining manufacturers shall sell envelopes. Moreover, each of the combining manufacturers pays to the corporation a fixed sum for every thousand envelopes manufactured. This sum at present is twenty cents a thousand. The amount of production has been decreased. The corporation uses its funds to buy out competing concerns, and also to declare dividends. Each of the manufacturers has a portion of the stock, and consequently gets his portion of the twenty cents a thousand, whether he manufactures much or little. The "Trust" has obtained control of the manufacture of machinery used in making envelopes, and it pays one machine manufacturer a fixed sum every month to manufacture for no one else. Prices of envelopes have gone up fifteen or

twenty per cent by reason of the combination. Its only formidable competitor is the United States Government. The latter manufactures and sells stamped envelopes to the people. The income of the "Trust" from its twenty cents a thousand on envelopes is about $300,000 a year. Its promoters frankly acknowledge that its object is to prevent competition and to control prices.

THE GLASS "TRUST."

In 1887 all of the regular importers of glass in this country formed a combination, and agreed not to sell below a fixed price, and also to sell to the wholesaler in glass at a lower figure than to the retailer. No shares of stock in corporations are involved in this "Trust." There is simply a contract, a President and a Secretary, together with a few agents. If a member violates his agreement, he has to buy an equal quantity of glass from the "Trust." The mode of detection is peculiar and adroit. Rebates are paid to the dealers in glass. The amount of this rebate is ascertained by agents of the "Trust," who examine the books of the dealers, and thereby ascertain the amount of glass purchased, the importer from whom it was purchased, and the price paid. Glass has advanced ten per cent in price by reason of this "Trust." There is an import duty of one hundred per cent on common glass and one hundred and fifty per cent on plate glass.

THE NEW YORK MEAT "TRUST."

The City of New York consumes annually about 2,000,000 sheep and lambs and 250,000 calves. These are sold by the farmer or shipper to brokers in New York. They

are then sold by the brokers to the butchers in and around the city, and the butcher sells to the marketman or consumer. But the broker found that the butcher was liable to buy direct from the farmer and shipper, and the butcher found that competition in butchering was liable to affect his business. So they combined. The butchers formed two unincorporated associations, practically one, and the brokers also formed two associations, one for sheep brokers and the other for calf brokers, but practically one organization. Then the butchers' association contracted with the brokers' association. The butchers agreed to buy sheep and calves from those brokers only, and if the butcher bought of an outside broker, then the butcher paid fifteen cents a head to the brokers' association. Very few such purchases occur. Further, the butcher gets a rebate of three and a half cents for every sheep and from eight to twelve and a half cents for every calf which he purchases from a member of the brokers' association. This rebate is collected by the butchers' association, and is distributed by dividends. On the other hand, the broker agrees to sell to members of the butchers' association only. If the broker sells to outside butchers he has to pay fifteen cents a head to the butchers' association. There are about eleven broker firms in the combination and some fifty butchers. The sheep and calf business of New York City, Jersey City and Brooklyn is controlled by it. A unanimous vote of all the members of the association is necessary to admit new members. The associations have existed for over a year, and very few new members have been admitted. The combination controls the New York market on sheep, lambs and calves, at the expense of the farmer and consumer. Outside brokers cannot sell, and outside butchers

cannot buy. Only two or three outside butchers remain. One butcher whose business was ruined by the combination has brought suit against the members of the association for $20,000 damages. Formerly one of these associations was incorporated, but the Attorney-General commenced proceedings to forfeit its charter, and it concluded to dissolve. As a result of the combination, the broker charges the farmer or shipper a much larger commission than is paid in other cities, and commissions on the annual business which elsewhere would be $125,000 figure up in New York to $375,000. The price of meat to the consumer is raised while the price to the farmer is lowered. It is, however, a very nice arrangement for the butcher and the broker.

THE BROOKLYN WAREHOUSE "TRUST."

NEARLY all the heavy storehouse business of the commerce of New York is located along the wharves of Brooklyn. Great warehouses there contain bonded goods, sugar, heavy goods of all kinds and such grain as does not go into the railroad elevators or directly to sea. There are many of these great warehouses, and hitherto they have competed in rates. In January, 1888, the chief owners of the warehouses agreed to combine. They incorporated a company, under the laws of New York, with a capital of $100,000, and called it the Empire Storage Company, Limited. Then all the parties leased their various warehouses to this corporation at an annual rental, and contracted not to construct or operate other warehouses. The profits of the corporation go, as additional rent, to the various parties. Since the formation of this "Trust" rates on sugar storage have been advanced from ten to twenty cents a hogshead. This

"Trust" is to do away with competition. As one of the parties said, "We want to destroy it all we can. Competition is a bad thing."

A MILK "TRUST."

THE City of New York consumes every day from 15,000 to 16,000 cans of milk of forty gallons each. The milk is sold by the farmers to the dealers, by the dealers to the retailers and by the retailers to the consumers. In 1882 the dealers formed a combination to pay the farmers a less price for their milk. They incorporated a company, called the Milk Exchange, Limited, with a capital of $10,000. Over a hundred dealers in milk are stockholders in the corporation. The corporation does not handle milk itself. It names and changes the price from time to time, and it also purchases and pays the farmer for milk, but directs the farmer to send the milk to a dealer designated by the corporation, and the corporation then collects from the dealer. If any dealer who is in the corporation pays more for milk than the corporation has prescribed, then by its by-laws he forfeits his stock. At present the price paid to the farmer is three cents a quart, and the price charged the consumer is seven to eight cents, leaving a very comfortable profit for the middleman. The corporation does not handle all the milk, but its price controls the market, and is generally followed by cheese factories, creameries, and dealers in small towns for many miles around the city. The result is that the farmers use poor food for the cows, and the consumer gets poor milk. The farmers in Orange County at one time became so discontented that a riot occurred, and cans of milk were overturned. Later they organized and contributed $20,000 to fight the

"Trust," but after a year, having sunk most of the capital, they gave up. In the expressive words of the President of the milk "Trust," the farmers have quit; "they don't like to tackle a 'Trust;' they are as afraid of it as they would be of the devil."

THE OIL-CLOTH "TRUST."

About June 1st, 1886, many manufacturers of oil-cloth goods formed an unincorporated association to regulate their prices and to compel dealers to sell at fixed prices. The manufacturers paid into the association $20,000, and each one agreed to forfeit $500 for every breach of the agreement which he entered into with it. He was to sell goods to the dealers at a fixed price, and the dealers were to be allowed a rebate, provided they sold to customers at a price not less than a price fixed by the association. No member of the association was to sell goods to a dealer who did not agree to these terms. The dealers were required to sell at the prescribed price, whether the goods were purchased of members of the association or not. If they did otherwise they got no rebate and no more goods from members of the association. Salesmen of the latter were obliged to take an oath to abide by the prices fixed. All claims of dealers for reductions for shortage, etc., were to be referred to a commissioner of the combination. Prices of oil-cloth have advanced from ten to fifteen per cent since the "Trust" was formed.

THE SANDSTONE "TRUST."

Nearly all of those who purchase sandstone in this country from the quarry-owners, and manufacture it in New York for its various uses, have formed a "Trust." It is an un-

incorporated association, and is called The Master Free-Stone Cutters' Association of the City of New York. It practically controls all sandstone sold in New York, and has existed about five years. It originally had a membership of about fifty, and since then only five or ten have been able to join it. The original members paid nothing into the treasury, but subsequent members are obliged to pay $500 for the privilege of joining it. All members pay a dollar a month. It declares no dividends, but has a monopoly of the market, and by means of its contracts with the quarry-owners prevents new men from engaging in the business. These contracts bind the quarry-owners not to sell to any manufacturers in New York except to those who are members of this association. Substantially all the quarry-owners have entered into such a contract.

THE PITCH AND COAL-TAR "TRUST."

THIS "Trust" has still a different plan of organization. The members of the combination have parcelled out the whole country among themselves. Each is bound to keep out of the territory of the other, unless consent is given by the person whose territory is invaded. The importance of this "Trust" is realized when it is considered that the use of pitch and coal-tar for paving, roofing, etc., comes also within the control of the "Trust."

OTHER "TRUSTS."

THE list is a long one. The counsel of the Committee, at the close of the investigation, mentioned a few of them concerning which there was evidence at hand. They included upholsterer's felt, lead, lead-pencils, cartridges and

shells, watches and watch cases, clothes-wringers, carpets, nails, undertakers and coffins, cordage, planes, brewers, silver plate, plated ware, steel rails and hog slaughterers. It would seem as though every branch of business were involved in some sort of "Trust" or combination. An exhaustive, deliberate and painstaking investigation would probably unearth a condition of things which would astonish even the best-informed of men. It would be found that the "Trust" has drawn within its grasp a large part of the business of the country.

APPENDIX B.

THE STANDARD OIL TRUST AGREEMENT.

THIS agreement, made and entered upon this second day of January, A. D. 1882, by and between all the persons who shall now or may hereafter execute the same as parties thereto, Witnesseth :

I. It is intended that the parties to this agreement shall embrace three classes, to wit :

1st. All the Stockholders and members of the following Corporations and Limited Partnerships, to wit :

Acme Oil Company (New York), Acme Oil Company (Pennsylvania), Atlantic Refining Company, of Phila. ; Bush & Co. Limited, Camden Consolidated Oil Company, Elizabethport Acid Works, Imperial Refining Company Limited, Chas. Pratt & Co., Paine, Ablett & Co. Limited, Standard Oil Company (Ohio) ; Standard Oil Co. (Pittsburg) ; Smith's Ferry Oil Trans. Co., Solar Oil Company Limited, Sone & Fleming Manufacturing Co. Limited.

Also, all the Stockholders and members of such other Corporations and Limited Partnerships as may hereafter join in this agreement at the request of the Trustees herein provided for.

2nd. The following individuals, to wit :

W. C. Andrews, Jno. D. Archbold, Lide K. Arter, J. A. Bostwick, Benj. Brewster, D. Bushnell, Thos. C. Bushnell, J. N. Camden, Henry L. Davis, H. M. Flagler, Mrs. H. M. Flagler, H. M. Harma, and Geo. W. Chapin, D. M. Harkness, D. M. Harkness, Trustee ; S. V. Harkness, John Huntington, H. A. Hutchins, Chas. F. G. Heye, O. B. Jennings, Charles Lockhart, A. M. McGregor, Wm. H. Macy, Wm. H. Macy, jr., estate of Josiah Macy, jr., Wm. H. Macy, jr., executor ; O. H. Payne, O. H. Payne, Trustee ; Chas. Pratt, Horace A. Pratt, C. M. Pratt, A. J. Pouch, John D. Rockefeller, Wm. Rockefeller, Henry H. Rogers, W. P.

Thompson, J. J. Vandergrift, William T. Wardwell, W. G. Warden, Jos. L. Warden, Warden, Frew & Co., Louise C. Wheaton, Julia H. York; Geo. H. Vilas, M. R. Keith, Geo. F. Chester, Trustees.

Also, all such individuals as may hereafter join in this agreement at the request of the Trustees herein provided for.

3rd. A portion of the Stockholders and members of the following Corporations and Limited Partnerships, to wit:

American Lubricating Oil Co., Baltimore United Oil Co., Beacon Oil Co., Bush & Denslow Manuf'g Co., Central Refining Co., of Pittsburg; Chesebrough Manuf'g Co., Chess-Carley Co., Consolidated Tank Line Co., Inland Oil Co., Keystone Refining Co., Maverick Oil Co., National Transit Co., Portland Kerosene Oil Co., Producers' Cons'd Land and Petroleum Co., Signal Oil Works Limited, Thompson & Bedford Co. Limited, Devoe Manufacturing Co., Eclipse Lubricating Oil Co. Limited, Empire Refining Co. Limited, Franklin Pipe Co. Limited, Galena Oil Works Limited, Galena Farm Oil Co. Limited, Germania Mining Co., Vacuum Oil Co., H. C. Van Tine & Co. Limited, Waters-Pierce Oil Co.

Also, Stockholders and members (not being all thereof) of other Corporations and Limited Partnerships who may hereafter join in this agreement at the request of the Trustees herein provided for.

II. The parties hereto do covenant and agree to and with each other each in consideration of the mutual covenants and agreements of the others, as follows:

(1.) As soon as practicable a Corporation shall be formed in each of the following States, under the laws thereof, to wit: Ohio, New York, Pennsylvania and New Jersey; provided, however, that instead of organizing a new Corporation, any existing charter and organization may be used for the purpose when it can advantageously be done.

(2.) The purposes and powers of said Corporations shall be to mine for, produce, manufacture, refine and deal in petroleum and all its products and all the materials used in such businesses and transact other business collateral thereto. But other purposes and powers shall be embraced in the several charters such as shall seem expedient to the parties procuring the charter, or, if necessary to

comply with the law, the powers aforesaid may be restricted and reduced.

(3) At any time hereafter, when it may seem advisable to the Trustees herein provided for, similar Corporations may be formed in other States and Territories.

(4.) Each of said Corporations shall be known as the Standard Oil Company of —— (and here shall follow the name of the State or Territory by virtue of the laws of which said Corporation is organized).

(5.) The Capital Stock of each of said Corporations shall be fixed at such an amount as may seem necessary and advisable to the parties organizing the same, in view of the purpose to be accomplished.

(6.) The shares of stock of each of said Corporations shall be issued only for money, property or assets equal at a fair valuation to the par value of the stock delivered therefor.

(7.) All of the property, real and personal, assets and business of each and all of the Corporations and Limited Partnerships mentioned or embraced in class first shall be transferred to and vested in the said several Standard Oil Companies. All of the property, assets and business in or of each particular State shall be transferred to and vested in the Standard Oil Company of that particular State, and in order to accomplish such purpose, the Directors and Managers of each and all of the several Corporations and Limited Partnerships mentioned in class first, are hereby authorized and directed by the Stockholders and members thereof (all of them being parties to this agreement) to sell, assign, transfer, convey and make over, for the consideration hereinafter mentioned, to the Standard Oil Company or Companies of the proper State or States, as soon as said Corporations are organized and ready to receive the same, all the property, real and personal, assets and business of said Corporations and Limited Partnerships. Correct schedules of such property, assets and business shall accompany each transfer.

(8.) The individuals embraced in class second of this agreement do each for himself agree, for the consideration hereinafter mentioned, to sell, assign, transfer, convey and set over, all the prop-

erty, real and personal, assets and business mentioned and embraced in schedules accompanying such sale and transfer, to the Standard Oil Company or Companies, of the proper State or States, as soon as the said Corporations are organized and ready to receive the same.

(9.) The parties embraced in class third of this agreement do covenant and agree to assign and transfer all of the stock held by them in the Corporations or Limited Partnerships herein named, to the Trustees herein provided for, for the consideration and upon the terms hereinafter set forth. It is understood and agreed that the said Trustees and their successors may hereafter take the assignment of stocks in the same or similar Companies upon the terms herein provided, and that whenever and as often as all the stocks of any Corporation or Limited Partnership are vested in said Trustees, the proper steps may then be taken to have all the money, property, real and personal, of such Corporation or Partnership assigned and conveyed to the Standard Oil Company of the proper State on the terms and in the mode herein set forth, in which event the Trustees shall receive stocks of the Standard Oil Companies equal to the value of the money, property and business assigned, to be held in place of the stocks of the Company or Companies assigning such property.

(10.) The consideration for the transfer and conveyance of the money, property and business aforesaid to each or any of the Standard Oil Companies shall be stock of the respective Standard Oil Company to which said transfer or conveyance is made, equal at par value to the appraised value of the money, property and business so transferred. Said stock shall be delivered to the Trustees hereinafter provided for, and their successors, and no stock of any of said Companies shall ever be issued except for money, property or business equal at least to the par value of the stock so issued, nor shall any stock be issued by any of said Companies for any purpose, except to the Trustees herein provided for, to be held subject to the trusts hereinafter specified. It is understood, however, that this provision is not intended to restrict the purchase, sale and exchange of property by said Standard Oil Companies as fully as they may be authorized to do by their respective

ırters, provided only that no stock be issued therefor except to d Trustees.

11.) The consideration for any stocks delivered to said Trustees above provided for, as well as for stocks delivered to said Trus- s by persons mentioned or included in class third of this agree- nt, shall be the delivery by said Trustees, to the persons entitled reto, of Trust Certificates hereinafter provided for, equal at par ue to the par value of the stocks of the said Standard Oil Com- nies so received by said Trustees, and equal to the appraised ue of the stocks of other Companies or Partnerships delivered said Trustees. [The said appraised value shall be determined in nanner agreed upon by the parties in interest and said Trustees.] is understood and agreed, however, that the said Trustees y, with any trust funds in their hands, in addition to the mode ove provided, purchase the bonds and stocks of other Companies gaged in business similar or collateral to the business of said ndard Oil Companies on such terms and in such mode as they y deem advisable, and shall hold the same for the benefit of the ners of said Trust Certificates, and may sell, assign, transfer d pledge such bonds and stocks whenever they may deem it ad- ntageous to said Trust so to do.

III. The trusts upon which said stocks shall be held, and the mber, powers and duties of said Trustees, shall be as follows :

1.) The number of Trustees shall be nine.

2.) J. D. Rockefeller, O. H. Payne and Wm. Rockefeller are reby appointed Trustees, to hold their office until the first Wed- sday of April, A. D. 1885.

3.) J. A. Bostwick, H. M. Flagler and W. G. Warden are here- appointed Trustees, to hold their office until the first Wednes- y of April, A. D. 1884.

4.) Chas. Pratt, Benj. Brewster and Jno. D. Archbold are here- appointed Trustees, to hold their office until the first Wednes- y of April, A. D. 1883.

5.) Elections for Trustees to succeed those herein appointed all be held annually, at which election a sufficient number of ustees shall be elected to fill all vacancies occurring either from piration of the term of the office of Trustee or from any other

cause. All Trustees shall be elected to hold their office for three years, except those elected to fill a vacancy arising from any cause, except expiration of term, who shall be elected for the balance of the term of the Trustee whose place they are elected to fill. Every Trustee shall hold his office until his successor is elected.

(6.) Trustees shall be elected by ballot by the owners of Trust Certificates or their proxies. At all meetings the owners of Trust Certificates who may be registered as such on the books of the Trustees may vote in person or by proxy, and shall have one vote for each and every share of Trust Certificates standing in their names, but no such owner shall be entitled to vote upon any share which has not stood in his name thirty days prior to the day appointed for the election. The transfer books may be closed for thirty days immediately preceding the annual election. A majority of the shares represented at such election shall elect.

(7.) The annual meeting of the owners of said Trust Certificates for the election of Trustees, and for other business, shall be held at the office of the Trustees, in the city of New York, on the first Wednesday of April of each year, unless the place of meeting be changed by the Trustees, and said meeting may be adjourned from day to day until its business is completed. Special meetings of the owners of said Trust Certificates may be called by the majority of the Trustees at such times and places as they may appoint. It shall also be the duty of the Trustees to call a special meeting of holders of Trust Certificates whenever requested to do so by a petition signed by the holders of ten per cent. in value of such certificates. The business of such special meetings shall be confined to the object specified in the notice given therefor. Notice of the time and place of all meetings of the owners of Trust Certificates shall be given, by personal notice as far as possible, and by public notice in one of the principal newspapers of each State in which a Standard Oil Company exists, at least ten days before such meeting. At any meeting, a majority in value of the holders of Trust Certificates represented consenting thereto, by-laws may be made, amended and repealed relative to the mode of election of Trustees and other business of the holders of Trust Certificates, provided, however, that said by-laws shall be in conformity with this agree-

ment. By-laws may also be made, amended and repealed at any meeting, by and with the consent of a majority in value of the holders of Trust Certificates, which alter this agreement relative to the number, powers and duties of the Trustees and to other matters tending to the more efficient accomplishment of the objects for which the Trust is created, provided only that the essential intents and purposes of this agreement be not thereby changed.

(8.) Whenever a vacancy occurs in the Board of Trustees more than sixty days prior to the annual meeting for the election of Trustees, it shall be the duty of the remaining Trustees to call a meeting of the owners of Standard Oil Trust Certificates for the purpose of electing a Trustee or Trustees to fill the vacancy or vacancies. If any vacancy occurs in the Board of Trustees, from any cause, within sixty days of the date of the annual meeting for the election of Trustees, the vacancy may be filled by a majority of the remaining Trustees, or, at their option, may remain vacant until the annual election.

(9.) If, for any reason, at any time, a Trustee or Trustees shall be appointed by any Court to fill any vacancy or vacancies in said Board of Trustees, the Trustee or Trustees so appointed shall hold his or the respective office or offices only until a successor or successors shall be elected in the manner above provided for.

(10.) Whenever any change shall occur in the Board of Trustees the legal title to the stock and other property held in trust shall pass to and vest in the successors of said Trustees without any formal transfer thereof. But if at any time such formal transfer shall be deemed necessary or advisable, it shall be the duty of the Board of Trustees to obtain the same, and it shall be the duty of any retiring Trustee or the administrator or executor of any deceased Trustee to make said transfer.

(11.) The Trustees shall prepare Certificates which shall show the interest of each beneficiary in said trust, and deliver them to the persons properly entitled thereto. They shall be divided into shares of the par value of one hundred dollars each, and shall be known as Standard Oil Trust Certificates, and shall be issued subject to all the terms and conditions of this agreement. The Trustees shall have power to agree upon and direct the form and con-

tents of said Certificates, and the mode in which they shall be signed, attested and transferred. The Certificates shall contain an express stipulation that the holders thereof shall be bound by the terms of this agreement, and by the by-laws herein provided for.

(12.) No Certificates shall be issued except for stocks and bonds held in trust, as herein provided for, and the par value of Certificates issued by said Trustees shall be equal to the par value of the stocks of said Standard Oil Companies, and the appraised value of other bonds and stocks held in trust. The various bonds, stocks and moneys held under said trust shall be held for all parties in interest jointly, and the Trust Certificates so issued shall be the evidence of the interest held by the several parties in this trust. No duplicate Certificates shall be issued by the Trustees, except upon surrender of the original Certificate or Certificates for cancellation, or upon satisfactory proof of the loss thereof, and in the latter case they shall require a sufficient bond of indemnity.

(13.) The stocks of the various Standard Oil Companies held in trust by said Trustees shall not be sold, assigned or transferred by said Trustees, or by the beneficiaries, or by both combined, so long as this trust endures. The stocks and bonds of other Corporations, held by said Trustees, may be by them exchanged or sold and the proceeds thereof distributed *pro rata* to the holders of Trust Certificates, or said proceeds may be held and reinvested by said Trustees for the purposes and uses of the Trust, provided, however, that said Trustees may from time to time assign such shares of stock of said Standard Oil Companies as may be necessary to qualify any person or persons chosen or to be chosen as Directors and Officers of any of said Standard Oil Companies.

(14.) It shall be the duty of said Trustees to receive and safely to keep all interest and dividends declared and paid upon any of the said bonds, stocks and moneys held by them in trust, and to distribute all moneys received from such sources or from sales of trust property or otherwise by declaring and paying dividends upon the Standard Trust Certificates as funds accumulate, which in their judgment are not needed for the uses and expenses of said trust. The Trustees shall, however, keep separate accounts of receipts from interest and dividends, and of receipts from sales or transfers

of trust property, and in making any distribution of trust funds, in which moneys derived from sales or transfers shall be included, shall render the holders of Trust Certificates a statement showing what amount of the fund distributed has been derived from such sales or transfers. The said Trustees may be also authorized and empowered by a vote of a majority in value of holders of Trust Certificates, whenever stocks or bonds have accumulated in their hands from money purchases thereof, or the stocks or bonds held by them have increased in value, or stock dividends shall have been declared by any of the Companies whose stocks are held by said Trustees, or whenever from any such cause it is deemed advisable so to do, to increase the amount of Trust Certificates to the extent of such increase or accumulation of values and to divide the same among the persons then owning Trust Certificates *pro rata*.

(15.) It shall be the duty of said Trustees to exercise general supervision over the affairs of said several Standard Oil Companies, and as far as practicable over the other Companies or Partnerships, any portion of whose stock is held in said trust. It shall be their duty as Stockholders of said Companies to elect as Directors and Officers thereof faithful and competent men. They may elect themselves to such positions when they see fit so to do, and shall endeavor to have the affairs of said Companies managed and directed in the manner they may deem most conducive to the best interests of the holders of said Trust Certificates.

(16.) All the powers of the Trustees may be exercised by a majority of their number.

They may appoint from their own number an Executive and other Committees. A majority of each Committee shall exercise all the powers which the Trustees may confer upon such Committee.

(17.) The Trustees may employ and pay all such Agents and Attorneys as they deem necessary in the management of said trust.

(18.) Each Trustee shall be entitled to a salary for his services not exceeding twenty-five thousand dollars per annum, except the President of the Board, who may be voted a salary not exceeding thirty thousand dollars per annum, which salaries shall be fixed

by said Board of Trustees. All salaries and expenses connected with or growing out of the trust shall be paid by the Trustees from the trust fund.

(19.) The Board of Trustees shall have its principal office in the City of New York, unless changed by a vote of the Trustees, at which office, or in some place of safe deposit in said City, the bonds and stocks shall be kept. The Trustees shall have power to adopt rules and regulations pertaining to the meetings of the Board, the election of Officers and the management of the trust.

(20.) The Trustees shall render at each annual meeting a statement of the affairs of the trust. If a termination of the trust be agreed upon, as hereinafter provided, or within a reasonable time prior to its termination by lapse of time, the Trustees shall furnish to the holders of the Trust Certificates a true and perfect inventory and appraisement of all stocks and other property held in trust, and a statement of the financial affairs of the various Companies whose stocks are held in trust.

(21.) This trust shall continue during the lives of the survivors and survivor of the Trustees in this agreement named, and for twenty-one years thereafter, provided, however, that if at any time after the expiration of ten years two thirds of all the holders in value, or if after the expiration of one year, ninety per cent. of all the holders in value of Trust Certificates shall, at a meeting of holders of Trust Certificates called for that purpose, vote to terminate this trust at some time to be by them then and there fixed, the said trust shall terminate at the date so fixed. If the holders of Trust Certificates shall vote to terminate the trust as aforesaid, they may, at the same meeting, or at a subsequent meeting called for that purpose, decide by a vote of two thirds in value of their number the mode in which the affairs of the trust shall be wound up, and whether the trust property shall be distributed or whether it shall be sold and the values thereof distributed, or whether part, and if so, what part, shall be divided and what part shall be sold, and whether such sales shall be public or private. The Trustees, who shall continue to hold their offices for that purpose, shall make the distribution in the mode directed, or, if no mode be agreed upon, by two thirds in value as aforesaid, the Trustees shall make

distribution of the trust property according to law. But said distribution, however made, and whether it be of property, or values, or of both, shall be just and equitable, and such as to insure to each owner of a Trust Certificate his due proportion of the trust property or the value thereof.

(22.) If the trust shall be terminated by expiration of the time for which it is created, the distribution of the trust property shall be directed and made in the mode above provided.

(23.) This Agreement, together with the registry of Certificates, books of accounts, and other books and papers connected with the business of said trust, shall be safely kept at the principal office of said Trustees.

Benj. Brewster, Jno. D. Archbold, J. A. Bostwick, Chas. Pratt, Henry H. Rogers, H. A. Pratt, C. M. Pratt, D. M. Harkness, Trustee, by H. M. Flagler, Atty.; Thos. C. Bushnell, W. C. Andrews, Chas. F. G. Heye, Wm. T. Wardwell, Wm. H. Macy, Estate Josiah Macy, jr., Wm. H. Macy, jr., ex. Wm. H. Macy, jr., A. M. McGregor; J. N. Camden, by H. M. Flagler, Atty.; Julia H. York, by H. M. Flagler, Atty.; O. H. Payne, by H. M. Flagler, Atty.; H. A. Hutchins, by H. M. Flagler, Atty.; Geo. F. Chester, Trustee; Geo. H. Vilas, Trustee; D. Bushnell, W. G Warden, Warden, Frew & Co., Henry L. Davis, H. M. Flagler, John D. Rockefeller, Wm. Rockefeller, J. J. Vandergrift, Mrs. H. M. Flagler, by H. M. Flagler, Atty.; A. J. Pouch, O. B. Jennings; D M. Harkness, by H. M. Flagler, Atty.; W. P. Thompson, by H. M. Flagler, Atty.; S. V. Harkness, by H. M. Flagler, Atty.; John Huntington, by H. M. Flagler, Atty.; Lide K. Arter, by H. M. Flagler, Atty.; H. M. Hanna, by H. M. Flagler, Atty.; and George W. Chapin, by H. M. Flagler, Atty.; Louise C. Wheaton, by H. M. Flagler, Atty.; O. H. Payne, Trustee, by H. M. Flagler, Atty.; Chas. Lockhart, Joseph L. Warden, by H. L. Davis, Atty.; M. R. Keith, Trustee.

Whereas in and by an Agreement dated January 2nd, 1882, and known as the Standard Trust Agreement, the parties thereto did mutually covenant and agree, *inter alia*, as follows, to wit: That Corporations to be known as Standard Oil Companies of various States should be formed, and that all of the property, real and personal, assets and business of each and all of the Corporations and Limited Partnerships mentioned or embraced in class first of said Agreement should be transferred to and vested in the said several

Standard Oil Companies ; that all of the property, assets and business in or of each particular State should be transferred to and vested in the Standard Oil Company of that particular State, and the Directors and Managers of each and all of the several Corporations and associations mentioned in class first were authorized and directed to sell, assign, transfer, and convey and make over to the Standard Oil Company or Companies of the proper State or States, as soon as said Corporations were organized and ready to receive the same, all the property, real and personal, assets and business of said Corporations or Associations ; and *whereas* it is not deemed expedient that all of the Companies and Associations mentioned should transfer their property to the said Standard Oil Companies at the present time, and in case of some Companies and associations it may never be deemed expedient that the said transfer should be made, and said Companies and Associations go out of existence ; and *whereas* it is deemed advisable that a discretionary power should be vested in the Trustees as to when such transfer or transfers should take place, if *at all*. *Now*, it is hereby mutually agreed between the parties to the said Trust Agreement, and as supplementary thereto, that the Trustees named in the said Agreement and their successors shall have the power and authority to decide what Companies shall convey their said property as in said Agreement contemplated, and when the said sales and transfers shall take place, if at all, and until said Trustees shall so decide, each of said Companies shall remain in existence and retain its property and business, and the Trustees shall hold the stocks thereof in trust, as in said Agreement provided. In the exercise of said discretion the Trustees shall act by a majority of their number as provided in said Trust Agreement. All portions of said Trust Agreement relating to this subject shall be considered so changed as to be in harmony with this supplemental Agreement.

In witness whereof, the said parties have subscribed this Agreement, this 4th day of January, 1882.

[Duly signed by the same parties.]

BY-LAWS OF THE TRUSTEES OF THE STANDARD OIL TRUST.

ARTICLE I.

ELECTION OF TRUSTEES.

Trustees shall be elected by ballot by the owners of Trust Certificates or their proxies.

Elections of Trustees to succeed those already appointed shall be held annually, at which election a sufficient number of Trustees shall be elected to fill all vacancies occurring either from expiration of the term of the office of any Trustee or from any other cause.

All Trustees shall be elected to hold their office for three years, except those elected to fill a vacancy arising from any cause except expiration of term, who shall be elected for the balance of the term of the Trustee whose place they are elected to fill. Every Trustee shall hold his office until his successor is elected.

The annual meeting of the holders of Trust Certificates and the election of Trustees shall be held at the office of the Trustees in the City of New York on the first Wednesday of April of each year, unless otherwise ordered by the Trustees, and said meeting may be adjourned from day to day until its business is completed.

Special meetings of the holders of Trust Certificates may be called by a majority of all the Trustees at such time and place as they may appoint.

Special meetings shall also be called by a majority of the Trustees whenever requested so to do, by a request signed by the holders of ten per cent. in value of Trust Certficates.

The business of such special meetings shall be confined to the objects specified in the notice given therefor.

Notice of the time and place of all meetings of owners of Trust Certificates shall be given by personal notice as far as possible, and shall also be advertised in one of the principal newspapers, published in each State in which a Standard Oil Company exists, at least ten days previous to the time of meeting.

At all meetings the owners of Trust Certificates, who may be registered as such on the books of the Trustees, may vote in person or by proxy, and shall have one vote for each and every share of Trust Certificates standing in their names, but no such owner shall be entitled to vote upon any share which has not stood in his name thirty days prior to the day appointed for the election.

The Transfer Books may be closed for thirty days immediately preceding the annual election.

A majority of the shares represented at such election shall elect.

At all elections of Trustees the Board of Trustees shall be the Judges of the qualification of voters; shall prescribe rules and regulations for voting; appoint Tellers to direct and count the votes and cause the result of the election to be entered in full on their minutes.

The Trustees may commit their powers in this matter to a Committee of their own members.

The election shall be held on the day designated for that purpose, unless prevented by accident, in which case the Trustees shall designate another day for the election.

ARTICLE II.

BOARD OF TRUSTEES.

The Board of Trustees at their first meeting after their annual election shall elect by ballot from their own number a President, Vice-President, Treasurer and Secretary, and such officers shall hold their offices during the pleasure of the Board. Whenever a vacancy occurs in the Board of Trustees more than sixty days prior to the annual meeting for the election of Trustees, it shall be the duty of the remaining Trustees to call a meeting of the holders of Trust Certificates for the purpose of electing a Trustee or Trustees to fill the vacancy or vacancies.

If any vacancy occurs in the Board of Trustees from any cause within sixty days of the date of the annual meeting for the election of Trustees, the vacancy may be filled by a majority of the remaining Trustees, or at their option may remain vacant until the annual election.

The Board may also appoint an Assistant Treasurer, Assistant Secretary, Auditor and such additional officers, agents, executive and other committees as it may deem advisable and remove the same at its pleasure.

In the absence of the President and Vice-President, the Board may appoint a Chairman *pro tempore*; during a prolonged absence or inability of the President or any other officer, the Board may appoint substitutes *pro tempore*, and on the death or resignation of the President or other officers, it shall fill the vacancy.

A majority of the Trustees shall be required to constitute a quorum for the transaction of business; but less than a quorum may adjourn from time to time and from place to place.

Regular meetings of the Board of Trustees shall be held on the first Wednesday of January, April, July and October of each year, unless the same shall be a legal holiday, in which event the meeting shall be held on the day following.

ARTICLE III.

THE PRESIDENT.

The President shall preside at all meetings of the owners of Trust Certificates or Trustees if present; appoint or remove all officers and agents other than those elected by the owners of Trust Certificates or the Board of Trustees; call meetings of the Board of Trustees, when requested by a majority of the Trustees in writing; sign all certificates of shares, and have a general care, supervision and direction of the affairs of the Trust. He shall have power to call meetings of the Board from time to time when he shall think proper; to sign certificates of shares in blank and leave them with the Treasurer in sufficient numbers to provide for the prompt transfer of shares.

In the event of the death, absence or inability of the President

perform the duties imposed upon him by these by-laws and the rders of the Board of Trustees, the Vice-President may exercise is powers and perform his duties, subject to the control of the Board of Trustees or Executive Committee.

ARTICLE IV.

THE SECRETARY.

It shall be the duty of the Secretary to notify the members thereof of all meetings of the Board of Trustees, when required by the President or by a majority of the Trustees in writing; to attend such meetings when practicable; keep true records of the proceedings; attest such records after every meeting, by his signature; safely keep all documents and papers which shall come into his possession and truly keep the books and accounts of the Trust appertaining to his office, so as at all times to show the real condition of the Trust affairs, and shall present statements thereof when required by the Board. He shall keep books in which transfers of shares may be made by any owner of Trust Certificates or his Attorney duly constituted in writing; also a share Ledger and Certificate Book; prepare new certificates upon the transfer of shares and surrender of the old certificates, and keep a register of all the certificates issued.

On the day of the annual election the Secretary shall furnish for the use of the inspectors an alphabetical list of the names of all the owners of Trust Certificates who shall have been registered as such for thirty days prior to said election. The Assistant Secretary shall perform such of the duties of the Secretary as may be required of him by the Board of Trustees.

ARTICLE V.

TREASURER.

It shall be the duty of the Treasurer to keep and account for all moneys, funds, and property of the Trust which shall come into his hands, and he shall render such accounts and present such

statements to the Trustees and Executive Committee as may be required of him.

Disbursements shall only be made by him under resolutions of the Board of Trustees, or by the Executive Committee, or upon vouchers approved by the proper officers.

He shall sign certificates of shares when presented to him after they shall have been signed by the President.

The Assistant Treasurer shall perform such of the duties of Treasurer as may be required of him by the Board of Trustees.

ARTICLE VI.

EXECUTIVE COMMITTEE.

The Executive Committee shall possess and exercise by a majority of all its members all the powers and duties of the Board of Trustees, but only when the Board shall not be in session. They shall keep a record of all their proceedings, which shall be certified by the Secretary under his hand, which record shall be read at the next ensuing meeting of the Board of Trustees. The Secretary shall call meetings of this Committee on the requisition of the President of the Board or of any one of its members.

ARTICLE VII.

The fiscal year of this Trust shall be the calendar year.

ARTICLE VIII.

These by-laws may be altered, amended or repealed at any meeting of the owners of Trust Certificates by a vote of majority in value of all the owners represented, provided, however, that all by-laws relative to formal meetings and formal duties of the Trustees and Officers may be altered by the Board of Trustees.

THE SUGAR TRUST AGREEMENT.

—DEED.—

THE SUGAR REFINERIES COMPANY.

The undersigned, namely:

HAVEMEYER & ELDER,
The DE CASTRO & DONNER SUGAR REFINING COMPANY,
F. O. MATTHIESSEN & WEICHERS SUGAR REFINING COMPANY,
HAVEMEYER SUGAR REFINING COMPANY,
BROOKLYN SUGAR REFINING COMPANY,
The firm of DICK & MEYER,
The firm of MOLLER, SIERCK & COMPANY,
NORTH RIVER SUGAR REFINING COMPANY,
The firm of OXNARD BROTHERS,
THE STANDARD SUGAR REFINERY,
THE BAY STATE SUGAR REFINERY,
THE BOSTON SUGAR REFINING COMPANY,
THE CONTINENTAL SUGAR REFINERY,
and
THE REVERE SUGAR REFINERY,

for the purpose of forming the Board hereinafter provided for, and for the other purposes hereinafter set forth, enter into the following Agreement.

NAME.

The Board herein provided for shall be designated by the name of

THE SUGAR REFINERIES COMPANY.

OBJECTS.

The objects of this Agreement are:

I. To promote economy of administration and to reduce the cost

of refining, thus enabling the price of sugar to be kept as low as is consistent with a reasonable profit.

II. To give to each Refinery the benefit of all appliances and processes known or used by the others, and useful to improve the quality and diminish the cost of refined sugar.

III. To furnish protection against unlawful combinations of labor.

IV. To protect against inducements to lower the standard of refined sugars.

V. Generally to promote the interests of the parties hereto in all lawful and suitable ways.

BOARD.

The parties hereto who are not Corporations snall become such before this Deed takes effect.

Each Corporation subscribing hereto agrees and the parties hereto who are not Corporations agree as to the Corporations which they are to form, that all the shares of the Capital Stock of all such Corporations shall be transferred to a Board consisting of Eleven persons, which may be increased to Thirteen by vote of a majority of the members of the entire Board, the two additional members to belong respectively to the First and Second Classes hereinafter provided for.

Any member of the Board may be removed by vote of two thirds of the members of the entire Board in case of incapacity or neglect or refusal to serve.

Any member may resign by filing written notice of his resignation with the Secretary of said Board.

Vacancies during the term of office of members shall be filled by appointment by vote of the majority of the members of the entire Board.

A member appointed to fill a vacancy shall hold office until the expiration of the term of the member in whose place he is appointed, which new appointee shall succeed to all the rights, duties and obligations of his predecessor under this Deed.

Vacancies by expiration of office shall be filled at the annual meeting of the holders of certificates herein provided for, or at such other times as shall be prescribed by the Board.

Such annual meetings shall be held in the City of New York in the month of June, and notice shall be given to each Certificate-holder of record of every meeting of Certificate-holders, by mailing to him at least seven days before said meeting a notice of the time, place and objects of such meeting. Holders of Certificates shall vote according to the number of shares for which they hold Certificates. They may vote by proxy.

The Board may make by-laws. All arrangements for meetings, elections and all details not herein specifically provided for shall be made by the Board. A member of the Board may act by proxy for any other member with like effect as if he were present and acting.

A majority of the members of the Board shall constitute a quorum for the transaction of business. The action of a Board meeting by a majority vote of such meeting shall have the same effect as the unanimous action of the Board, except as herein otherwise provided, and that to authorize the appropriation of money, bonds or shares shall require the assent, either written or expressed, by vote at a Board meeting, of at least a majority of the members of the entire Board.

No member of the Board shall during the time that he holds office buy or sell sugar, or be interested directly or indirectly in the purchase or sale of sugar, whether for the purpose of speculation or otherwise, without a vote of a majority of the members of the entire Board. For any violation of this provision he may be removed as a member of the Board, and shall be liable to account for profits which shall be realized by him to the Board for the *pro rata* benefit of the certificate holders.

As it is desirable that the Board shall consist of members who are largely interested in the properties and the business contemplated, it is hereby agreed that all members of the Board shall be free to join in or become parties to agreements and transactions which the several Boards of Directors hereinafter referred to, or this Board may arrange, to the same extent and in the same manner and with the like effect as if they were not members of the Board.

The said Board may transfer from time to time to such persons

as it may be desired to constitute Trustees or Directors or other officers of Corporations so many of the shares as may be necessary for that purpose, to be held by them subject to the provisions of this Instrument. Such transfers may be executed by the President and Treasurer of the Board in behalf of and as Attorneys of the Board for that purpose and to be retransferred when so requested by the Board.

The first Board shall consist of the persons hereinafter mentioned; they shall hold office as follows, and until their successors shall be elected:

Members of the First Class:

HARRY O. HAVEMEYER, F. O. MATTHIESSEN, JOHN E. SEARLES, Jr., JULIUS A. STURSBERG.	*To hold office seven years.*

Members of the Second Class:

THEODORE A. HAVEMEYER, JOSEPH B. THOMAS, JOHN JURGENSEN, MR. PARSONS.	*To hold office five years.*

Members of the Third Class:

CHARLES H. SENFF, WILLIAM DICK.	*To hold office three years.*

At the expiration of the terms of the Third Class and of each successive class their successors as members of such Class shall be elected for seven years.

OFFICERS.

The Board shall appoint from its members a President, Vice-President and Treasurer, and it shall also appoint a Secretary, who may or may not be a member of the Board. The Board may from time to time create other Offices and appoint the persons to fill

them. It may appoint Committees. It shall designate the duties and prescribe the powers of the several Officers and Committees.

PLAN.

The several Corporations parties to this Agreement shall maintain their separate organization, and each shall carry on and conduct its own business.

The Capital Stock of each Corporation shall be transferred to the Board, and in lieu of the same Certificates not exceeding FIFTY MILLIONS OF DOLLARS, divided into FIVE HUNDRED THOUSAND SHARES, each of ONE HUNDRED DOLLARS, shall be issued by the Board and distributed as hereinafter provided.

The Certificates shall be in the following form :

No..... Shares,

SHARES ONE HUNDRED DOLLARS EACH.

THE SUGAR REFINERIES COMPANY.

THIS IS TO CERTIFY that

is entitled to
shares of the Sugar Refineries Company.

This Certificate is issued under and subject to the provisions of a Deed dated the Sixteenth day of August, One thousand eight hundred and eighty-seven.

The shares represented by this Certificate are transferable by the holder and his personal representatives in person or by Attorney, upon the books of the Board, and not otherwise, and only upon the surrender of this Certificate.

They entitle the holder to the rights and are subject to the provisions mentioned in the Deed.

The interest of the holder is in the proportion of the number of shares represented by this Certificate to the entire number of shares outstanding. The total amount represented by outstanding Certificates and the terms of the Deed may be changed from time to time by a majority in interest as therein provided.

IN WITNESS WHEREOF the Board has caused this Certificate to be signed by its President and Treasurer, and the seal of the Board to be affixed hereto, the day of One thousand eight hundred and eighty

FOR VALUE RECEIVED

do hereby assign, transfer and set over unto
shares of those represented by the within Certificate, and
do hereby constitute and appoint
Attorney irrevocable for and in
name and stead, to transfer the said shares upon the books kept for the purpose under the direction of the within Board.

The assignee by accepting this transfer assents to the terms of the Deed referred to in the Certificate as the same shall be changed from time to time.

WITNESS hand and seal, this day of One thousand eight hundred and eighty.

TITLE.

The shares of the Capital Stock of the several Corporations to be transferred to the Board as herein provided shall be transferred to the names of the members of the Board as Trustees, to be held by them and by their successors as members of the Board strictly as joint tenants.

By the death, resignation or removal of any member of the Board the whole title shall remain in the others. All members ceasing to be such shall execute such instruments as may be necessary, if any, to keep the title vested in the persons who from time to time shall be members of the Board.

The Board shall hold the stock transferred to it with all the rights and powers incident to stockholders in the several Corporations, and subject only to the purposes set forth in this Deed.

DIVISION OF INTEREST.

The several Corporations shall be entitled to the shares in the

following proportions of the FIFTY MILLIONS OF DOLLARS—viz.:

Havemeyer & Elder, De Castro & Donner Sugar Refining Company, F. O. Matthiessen & Wichers Sugar Refining Company, The Havemeyer Sugar Refining Company, The Brooklyn Sugar Refining Company, Dick & Meyer, Moller, Sierck & Company, Oxnard Brothers, North River Sugar Refining Company, Standard Sugar Refinery, Boston Sugar Refining Company, Bay State Sugar Refinery, Continental Sugar Refinery, Revere Sugar Refinery.	(*By order of the New York Investigating Committee, the various amounts placed here were not made public.*)

Each Refinery and the Corporation to which it belongs shall be freed from liability and indebtedness by the parties interested in it, or such parties, if the Board shall approve, may provide in cash for such indebtedness or liability, leaving the same to stand at the pleasure of the Board, except that the employés' contracts shown in the schedules hereto annexed, and the contracts with Havemeyer & Elder, the F. O. Matthiessen & Weichers Sugar Refining Company and the Bay State Sugar Refinery pending for improvements and enlargements shall continue as liabilities.

Annexed hereto are schedules in general terms of the properties of the several refineries. The properties are guaranteed to correspond with the schedules by the parties interested therein, who are to make good any deficiency. On the complete execution of this Agreement each of the said parties shall make a full inventory

of the property not embraced in such schedules and useful for the conduct of the business on hand, or contracted for, including raw and refined sugars, molasses, sugars in process, syrups, bone black, fuel, barrels, packages, charcoal and other supplies, and such inventory is to be examined and the articles appraised at their present cash value (except as to sugar and molasses to arrive, which are to be appraised at their market value on arrival) by a Committee of five persons, as follows:

Theodore A. Havemeyer,
F. O. Matthiessen,
Julius A. Stursberg,
John E. Searles, Jr.,
Joseph B. Thomas.

The value of such property as fixed by four fifths of the appraisers shall be paid for in cash by the said Board to the Treasurer of each Corporation.

Bone black may at the option of the Board be paid for in cash or in the bonds hereinafter provided for, or in Certificates at a rate for bonds or Certificates to be fixed by the vote of a majority of the members of the entire Board.

The property shall remain with the Refinery where it is, to be used by it, except as such Refinery shall make a different disposition of it.

In consideration of the transfer of their Stock to the Board, the said Board shall also pay to Havemeyer & Elder the sum of (*omitted by order of Committee*), to the F. O. Matthiessen & Weichers Sugar Refining Company the sum of (*omitted by order of Committee*), and to the Bay State Sugar Refining Company the sum of (*omitted by order of Committee*), on account of payments already made on pending contracts for improvements and enlargements.

Additional shares to the amount of FOUR HUNDRED THOUSAND DOLLARS, less fifteen per cent, to be left with the Board as hereinafter provided, shall be received by Moller, Sierck & Company, for improvements and enlargements of capacity of their Refinery now in progress, when said improvements are completed and the increased capacity demonstrated.

The shares assigned to the several Refineries shall be distributed by them to and among the parties interested therein.

Each holder of stock in a Refinery Company shall be entitled to so many of the shares allotted to such Refinerv as shall be in proportion of his stock to the capital of his Company.

Shares for Stockholders of any Refinery Company who shall not surrender their stock may, under the direction of the Board, be deposited for their account, with the right to receive the same upon the surrender of their stock.

Of the shares allotted to the several Refineries they shall leave fifteen per cent with the Board, and these shares and any shares not allotted of the FIFTY MILLIONS OF DOLLARS, except as herein otherwise provided, shall be subject to be disposed of by the Board, either for the acquisition of other Refineries to become parties to this Deed, payment for additional capacity or by appropriations to the several Refineries.

But in no case shall any appropriation be made to or any action be taken by any Corporation without the approval of its Board of Directors, and no action shall be taken by the Board which shall create liability by it or by its members.

PROFITS.

The profits arising from the business of each Corporation shall be paid over by it to the Board hereby created, and the aggregate of said profits or such amount as may be designated for dividends shall be proportionately distributed by said Board, at such times as it may determine, to the holders of the Certificates issued by said Board for Capital Stock as hereinbefore provided.

FISCAL ARRANGEMENTS.

The funds necessary to enable the said Board to make the payments herein provided to be made by it may be raised by mortgage to be made by the Corporations, or either, any or all of them on their property, and by such other means as shall be satisfactory to such Board.

In case any mortgage shall be laid on the property of any Cor-

poration by its Directors or Stockholders, the holders of Certificates shall, within a time to be fixed by said Board, have the right, at such uniform rates as said Board shall arrange, to have the Bonds, Certificates or other evidence of debt or interest in proportion to their respective holdings. Any parts which shall not be thus taken may be disposed of by said Board.

CHANGES.

The number of shares and the total amount thereof issuable by said Board may from time to time be increased or diminished by Deed executed by a majority in value of the Certificate-holders.

The provisions of this Deed may from time to time be changed by Deed executed by not less than a majority in interest of the Certificate-holders, provided no change shall be made which shall discriminate to the disadvantage of the Certificate-holders as between themselves.

ACQUISITION OF OTHER REFINERIES.

The Capital Stock of other Sugar Refining Companies and of Companies whose business relates directly or indirectly to Sugar Refining (in every instance to be incorporated) may be transferred to said Board, with the consent of a majority thereof, at valuations and upon terms satisfactory to it, to be held by said Board under and subject to all the terms of this Deed ; and Certificates may be issued therefor by said Board and may be sold by it to provide funds for such purchase or purchases, and any such Corporation or Corporations shall thereupon become a party to this Deed upon causing the same to be duly signed in its behalf.

CUSTODY OF DEED.

This Deed when executed by the parties hereto shall be delivered to the President of the Board, who shall have the sole and independent custody and control of the same, and the said Deed shall not be shown or delivered to any person or persons whatsoever, except by the express direction and order of the Board.

A copy of the said Deed shall be lodged with a member of the

Board residing in Boston, Mass., which shall be held by him under the same conditions and in the same manner as the original Deed.

IN WITNESS WHEREOF, the parties have hereto set their seals and affixed their names, these presents to become binding when completely executed by all the parties, and to take effect from October 1st, 1887.

Dated August 6th, 1887.

(Signed.)

Havemeyer & Elder,
Donner & De Castro Sugar Refining Company,
per H. O. HAVEMEYER, Manager,
Subject to Confirmation of Stock and Scrip Holders.
F. O. Matthiessen & Weichers Sugar Refining Company,
F. O. MATTHIESSEN,. President.
Havemeyer Sugar Refining Company,
JNO. E. SEARLES, Jr., Treasurer.
Dick & Meyer.
North River Sugar Refining Company,
GEO. H. MOLLER, Secretary.
Oxnard Bros.
Moller, Sierck & Company.
Brooklyn Sugar Refining Company,
HENRY OFFERMAN, Treasurer.
Standard Sugar Refining Company,
by J. B. THOMAS, President.
Boston Sugar Refining Co.,
by CHAS. O. FOSTER, President.
Bay State Sugar Refining Company,
per EDWIN ATKINS, President.
Continental Sugar Refinery,
by SILAS PIRCE, President.

FORM OF TRUST CERTIFICATE OF THE AMERICAN COTTON OIL TRUST:

Shares $100 each. **No. 2320.**

THE AMERICAN COTTON OIL TRUST:

This is to certify that ——— is entitled to ——— shares in the equity to the property held by the Trustees of the American Cotton Oil Trust, transferable only on the books of said Trustees on surrender of this certificate. This certificate is issued upon condition that the holder or transferee thereof shall be subject to all the provisions of the agreement creating said Trust and of the By-Laws adopted in pursuance of said agreement as fully as if he had signed the said "Trust" agreement.

Witness the hand of the President, Secretary and Treasurer of the Board of Trustees, this eighteenth day of March, 1886, at the City of New York.

J. V. LEWIS, *President.*
T. L. ALDIGE, *Secretary.*
J. L. MCCAULEY, *Treasurer.*

"Cancelled by Farmers' Loan and Trust Company, October 19, 1887," was stamped across it.

"Countersigned and registered this 18th day of October, 1887, Farmers' Loan and Trust Company by ——— Secretary. Non-assessable" stamped thereon.

The form of transfer on the back is:

For value received ——— hereby sell and transfer to ——— ——— shares of the American Cotton Oil Trust standing in ——— name on the books of said Trust, and ——— hereby irrevocably appoint ——— attorney to make the necessary transfer upon the books of said Trust, in accordance with the regulations thereof, and upon the conditions expressed upon the face of this certificate.

Dated ———

In the presence of ———

LIST OF CORPORATIONS, THE STOCKS OF WHICH ARE WHOLLY OR PARTIALLY HELD BY THE TRUSTEES OF THE STANDARD OIL TRUST.

NEW YORK STATE.

Cap. Stock.		S. O. Trust Ownership.
$300,000	Acme Oil Co., M'f'rs of Petroleum Products,	Entire.
200,000	Atlas Refining Co., M'f'rs of Petroleum Products	"
25,000	American Wick M'f'g Co., M'f'rs of Lamp Wicks	"
300,000	Bush & Denslow M'f'g Co., M'f'rs of Petroleum Products	50%
500,000	Chesebrough M'f'g Co., M'f'rs of Petroleum Products	$\frac{2661}{5000}$
200,000	Central Refining Co. Lim., M'f'rs of Petroleum Products	67⅛%
300,000	Devoe M'f'g Co., Packers of Petroleum Products	Entire.
100,000	Empire Refining Co. Lim., M'f'rs of Petroleum Products	80%
100,000	Oswego M'f'g Co., M'f'rs of Wood Cases	Entire.
500,000	Pratt M'f'g Co., M'f'rs of Petroleum	"
5,000,000	Standard Oil Co., M'f'rs of Petroleum	"
250,000	Stone & Fleming M'f'g Co. Lim., M'f'rs of Petroleum	"
250,000	Thompson & Bedford Co. Lim., M'f'rs of Petroleum	80%
25,000	Vacuum Oil Co., M'f'rs of Petroleum	75%

NEW JERSEY.

$350,000	Eagle Oil Co., M'f'rs of Petroleum Products,	Entire.
75,000	McKirgan Oil Co., Jobbers of Petroleum Products	"
3,000,000	Standard Oil Co., M'f'rs of Petroleum Products	"

PENNSYLVANIA.

$300,000	Acme Oil Co., M'f'rs of Petroleum Products,	Entire.
400,000	Atlantic Refining Co., M'f'rs of Petroleum Products	"
175,000	Eclipse Lub'g Oil Co. Lim., M'f'rs of Petroleum Products	"
150,000	Galena Oil Works Lim., M'f'rs of Petroleum Products	86¼%
300,000	Imperial Refining Co. Lim., M'f'rs of Petroleum Products	Entire.
1,000,000	Producer's Consolidated & Petroleum Co., Producers of Crude Oil	65.132%
25,455,200	National Transit Co., Transporters of Crude Oil	94%
400,000	Standard Oil Co., M'f'rs of Petroleum Products	Entire.
100,000	Signal Oil Works, Lim., M'f'rs of Petroleum Products	38¾%

OHIO.

$1,000,000	Consolidated Tank Line Co., Jobbers of Petroleum Products	57%
50,000	Inland Oil Co., Jobbers of Petroleum Products	50%
3,5000,00	Standard Oil Co., M'f'rs of Petroleum Products	Entire.
500,000	Solar Refining Co., M'f'rs of Petroleum Products	"

KENTUCKY.

$600,000	Standard Oil Co., Jobbers of Petroleum Products	Entire.

MARYLAND.

$600,000	Baltimore United Oil Co., M'f'rs of Petroleum Products	$\frac{5059}{6000}$

WEST VIRGINIA.

$200,000	Camden Consolidated Oil Co., M'f'rs of Petroleum Products	Entire.
119,100	West Virginia Oil Co., M'f'rs of Petroleum Products	47½%

ILLINOIS.

$500,000	P. C. Hanford Oil Co., Jobbers of Petroleum Products	51%

MINNESOTA.

$100,000	Standard Oil Co., Jobbers of Petroleum Products	Entire.

MISSOURI.

$400,000	Waters-Pierce Oil Co., Jobbers of Petroleum Products	50

MASSACHUSETTS.

$100,000	Beacon Oil Co., Jobbers of Petroleum Products	Entire.
100,000	Maverick Oil Co., Jobbers of Petroleum Products	"

MAINE.

$200,000	Portland Kerosene Oil Co., Jobbers of Petroleum Products	Entire.

IOWA.

$600,000	Standard Oil Co., Jobbers of Petroleum Products	60%
300,000	Continental Oil Co., Jobbers of Petroleum Products	62½%

LIST OF CORPORATIONS CONTROLLED BY THE AMERICAN COTTON OIL TRUST.

Aberdeen Fert., Oil & M'f'g Co.,	Aberdeen, Miss.
Adams M'f'g Co.,	Natchez, Miss.
Alabama Oil Co.,	Montgomery, Ala.
Albany Oil and Refining Co.,	Albany, Ga.
American Cotton Oil Co. of La.,	New Orleans, La.
American Cotton Oil Co. of Mo.,	St. Louis, Mo.
American Cotton Oil Co. of O.,	Cincinnati, O.
American Oil Co. of New York,	New York.
Anchor Oil Co.,	Helena, Ark.
Arkansaw Oil and Comp. Co.,	Texarkana, Ark.
Atlanta C. S. O. Mills,	Atlanta, Ga.
Augusta Oil Co.,	Augusta, Ga.
Baton Rouge Oil Works,	Baton Rouge, La.
Belton Oil Co.,	Belton, Tex.
Bienville Oil Works Co.,	New Orleans, La.
Brinkley Oil Co.,	Brinkley, Ark.
Brown R. B. Oil Co.,	St. Louis, Mo.
Butchers', W., Sons Co.,	Philadelphia, Pa.
Cairo Oil Works,	Cairo, Ill.
Canton Oil Mills,	Canton, Miss.
Carpenter-Dicks Co.,	Natchez, Miss.
Catawba Oil Co.,	Chester, S. C.
Central Oil Co.,	Austin, Tex.
Central Oil Co.,	Selma, Ala.
Charleston Oil Co.,	Charleston, S. C.
Chickasaw Refining Co.,	Memphis, Tenn.
City Oil Works,	Memphis, Tenn.
Colorado Oil Co.,	Columbus, Tex.

Columbus Oil Mills,	Columbus, Miss.
Demopolis Oil Co.,	Demopolis, Ala.
Dixie Oil Co.,	Nashville, Tenn.
Emma Cotton-Seed Oil Co.,	Pine Bluff, Ark.
Eufaula Oil Co.,	Eufaula, Ala.
Eureka Oil Co.,	Arkansas City, Ark.
N. K. Fairbank & Co.,	Chicago, Ill.
Fort Smith Oil & C. C. Co.,	Fort Smith, Ark.
Galveston Oil Co.,	Galveston, Tex.
Globe Oil & Fert. Co.,	Memphis, Tenn.
Greenville C. S. O. & I. Co.,	Greenville, S. C.
Greenville Oil Works,	Greenville, Miss.
Grenada Oil & Comp. Co.,	Grenada, Miss.
Gulf City Oil Mills,	Mobile, Ala.
Hamilton Oil & Fert. Works,	Shreveport, La.
Hanauer Oil Works,	Memphis, Tenn.
Helena Oil & Comp. Co.,	Helena, Ark.
Hope Oil Mill,	Memphis, Tenn.
Howard Oil Company, Palestine, Dallas,	Houston.
Huntsville Oil Co.,	Huntsville, Ala.
Jackson Oil Mills,	Jackson, Tenn.
Lexington Oil Mills,	Lexington, Miss.
Little Rock Oil & Comp. Co.,	Little Rock, Ark.
Louisiana Cotton Oil Co.,	New Orleans, La.
Macon Oil & Fert. Co.,	Macon, Ga.
Maginnis Oil & Soap Works,	New Orleans, La.
McKinney Oil Works,	McKinney, Tex.
Meriden Oil Mills & M'f'g Co.,	Meriden, Miss.
Mitchell Oil Mill and Refining Co.,	Mitchell's Sta., Ala.
Monroe Oil Co.,	Monroe, La.
Montgomery Oil Works,	Montgomery, Ala.
Muscogee Oil Co.,	Columbus, Ga.
Nashville Cotton-Seed Oil Co.,	Nashville, Tenn.
Neel Oil Co.,	Pine Bluff, Ark.
Newport Oil & M'f'g Co.,	Newport, Ark.
Oliver Oil Co.,	Charlotte, N. C.
Oliver Oil Co.,	Columbia, S. C.

Orleans Oil & M'f'g Co.,	New Orleans, La.
Palestine Compress Co.,	Palestine, Tex.
Panola Oil & Fert. Co.,	Memphis, Tenn.
Paris Oil Works,	Paris, Tex.
Pearl River Mills,	Jackson, Miss.
Planter's Crescent Oil Co.,	New Orleans, La.
Planter's Oil Mill Co.,	Memphis, Tenn.
Raleigh Oil Mill & Fert. Co.,	Raleigh, N. C.
Rome Oil Mills & Fert. Co.,	Rome, Ga.
Sunflower Oil Co.,	Clarksdale, Miss.
Texarkana Oil & M'f'g Co.,	Texarkana, Ark.
Texas Oil Co.,	Corsicana, Tex.
Tyler Cotton-Seed Oil Co.,	Tyler, Tex.
Union Oil Co.,	New Orleans, La.
Union Oil Co.,	Providence, R. I.
Union Springs Oil Co.,	Union Springs, Ala.
Valley Oil Mills,	Memphis, Tenn.
Waco Oil Works,	Waco, Tex.
West Point Oil Mill Co.,	West Point, Miss.
Yazoo Oil Works,	Yazoo City, Miss.

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